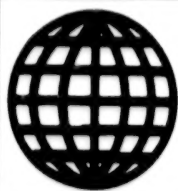


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18 July 1994



**FOREIGN
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JPRS Report

Near East & South Asia

Near East & South Asia

JFRS-NEA-94-038

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ISRAEL

European Backing of Arab Institutions in Jerusalem

941190831 Tel Aviv HA'ARETZ in Hebrew
7 Jun 94 p 3

[Article by Nitzan Hurvitz: "European Support for Leaving the Palestinian National Institutions in East Jerusalem"]

[Text] Senior sources in several major European states are expressing support for leaving the Palestinian national institutions in East Jerusalem. While they understand in Europe the Israeli demand that the affairs of the autonomy be conducted from the territories of the autonomy, they say that the national institutions in East Jerusalem operated before the establishing of the self-rule, and they represent all of the residents of the territories that are still under Israeli occupation.

A senior source involved in the diplomatic contacts asserts that within the framework of the Oslo agreement, Israel undertook to maintain the status of the Palestinian institutions in the territories and in Jerusalem, without any connection to the development of affairs in Gaza and in Jericho, which would pass to Palestinian hands. This source agreed with the Israeli position that the administration of the autonomy from Jerusalem is not to be allowed in spheres such as the policing of Gaza and Jericho, but the existing institutions in the fields of education, health, society, religion, as well as the general-national sphere, must be maintained. The intention here is to institutions such as "Orient House," which serves as a meeting place between Palestinians and foreign representatives, including government representatives and diplomats.

In Europe, they stress that the consulates that operate in East Jerusalem, including Spain, France, Greece, Sweden, and others, have been related for a long time Orient House and to institutions like it as de facto official representative offices of the Palestinians. The European factors that maintain diplomatic links with the leadership in the territories made it clear that they have no intention of breaking off these contacts or conducting them through channels other than the Palestinians' Jerusalem institutions.

A member of the French foreign ministry who requested anonymity even said that, in the eyes of the Europeans, Orient House almost has the status of diplomatic immunity.

The call of the mayor of Jerusalem, Ehud Olmert, to close Orient House was not received well in Europe and was understood here as an attempt to impair the status of the Palestinian institutions and a violation of the agreements that were reached with the PLO regarding the maintenance of the existing institutions. Likewise, they view it as an Israeli attempt at dictates on the matter of

Jerusalem, even though the discussion has not yet begun and is scheduled for the stage of the permanent arrangements.

A senior Palestinian representative said yesterday that Israel is trying to exploit the Gaza-Jericho agreement in order to deny the PLO its institutions in Jerusalem. The Palestinian representative vehemently denied the Israeli assertions that the PLO is trying to create facts on the ground, and said that the Palestinian institutions in Jerusalem have always been there: "We are here in Jerusalem on our own land, with our own institutions, we are not trying to find facts on the ground—we are the facts on the ground." The representative said that this is the reason that Faysal al-Husayni, who is identified more than anyone else with Orient House and the institutions in Jerusalem, was appointed by 'Ara'fat as a member of the autonomy council that will be responsible for Jerusalem affairs.

In Europe there is a sympathetic reception for the Palestinian assertion that the operation of the institutions in Jerusalem is part of the peace process, in which the Gaza-Jericho stage is but a first step. The Palestinian institutions will continue to operate in Jerusalem, and the question of the city will be discussed in the next stage of the contacts. "Any attempt by the Israelis to shut down the institutions will be a gross violation of the agreements and the understandings that were achieved on this sensitive question," said a European official.

When Warren Christopher visited Jericho at the beginning of the implementation of the declaration of principles, he refrained from meeting Faysal al-Husayni in Jerusalem, but Europe has a different approach than the United States, and, in the words of the official, Europe definitely recognizes the Palestinians' status in Jerusalem. In Europe, they note that even before Oslo, the Orient House was the seat of the Palestinian delegation to the peace talks.

Effect of Attacks on Lebanese Alliances

94AA0083B Tel Aviv HA'ARETZ in Hebrew
10 Jun 94 p B3

[Article by Tzvi Bar'el: "Syria's Niece"]

[Text] The day after Mustafa Dir'any was kidnapped and brought to Israel, Muhammad Husayn Fadlallah, the spiritual leader of the Hizbollah, responded: "If the (Islamic) resistance movement is the cause of the kidnapping, why does not Israel meet the resistance at its positions?" Israel took his words seriously. Ten days later, in the most serious attack on the organization, IDF [Israel Defense Forces] aircraft and helicopters attacked the training camp next to Ba'al Bek. The blow was especially severe not only because of the large number of casualties, but also because of the suspicion that, as at the time of the kidnapping of Dir'any, someone within the organization was betraying it. Otherwise, how would it be possible to explain the fact that the Israeli attack was carried out on the day on which 121 combatants

were to receive "Graduation Certificates" from the training course and, at least some of them, to be sent to the southern front?

This is one of the camps that was built in the vicinity of Ba'al Bek. It does not appear on any Lebanese map. A Lebanese journalist related that on the day after the attack, a major from the command of the Syrian forces in the Bek'a contacted the Hizballah headquarters in Ba'al Bek and asked where the camp is located. If the story is correct, it can indicate that the Syrian control in the Bek'a region still allows the Hizballah to act there as it wishes. It also shows Israel's intelligence capability.

In Lebanon, the Sunni Muslim Prime Minister Rafiq al-Hariri declared a day of national mourning. At the same time, Iranian Foreign Minister 'Ali Akbar Velayati visited Damascus and discussed—more correctly, argued—with President al-Asad how to respond. At the funerals themselves, as eyewitnesses told foreign journalists, not more than 5,000 persons participated out of approximately 200,000 residents of Ba'al Bek, and many Christian businessmen decided to ignore the day of mourning and opened their businesses.

The mourning of the organization is not necessarily the mourning of Lebanon or even of the entire Shiite community. But Israeli pressure on the Hizballah is like spraying a pellet in a gambling machine. It goes all over the colored board, hits electrified junctions, and adds or takes away points. Israel termed the operation, in which were killed approximately 50 persons, including 26 Hizballah fighters, an ordinary operation against terror. This ordinary operation shook the Lebanese Government, Iran-Syria relations, Syria's relations with Lebanon, the Hizballah organization, and the sociopolitical fabric in Lebanon.

The Lebanese Government, with massive Syrian assistance, is now in an accelerated campaign to impose its authority everywhere in Lebanon. The power struggles between President Ilyas al-Hirawi and Prime Minister Rafiq al-Hariri are part of this campaign. According to the al-Ta'if agreement, which was imposed on Lebanon in 1989, governmental authority is in the hands of the prime minister, who is appointed by the president. This division of power is disliked by Hirawi, who has tried recently to thwart Hariri's initiative for changes in the government. The two were invited to Damascus and were asked to coordinate a list of ministers agreed among themselves. Several days afterwards, Hariri traveled alone and met with 'Abd-al-Halim Khaddam, Asad's second-in-command, who personally handles Lebanese affairs, and presented him the agreed list of new ministers. While he was still speaking with Khaddam, there was a telephone call from the chairman of the Lebanese Parliament and the chief of the Amal organization, Nabih Birri. Birri announced to Khaddam that he had heard of the proposed list and that he opposed every step that was not coordinated with him. Hariri, who took the handset from Khaddam, said to Birri that, on his part, there was no problem and that he was ready to consult with him when he returned from Damascus. But before

his return, the new list of portfolios was published in the press. Hariri, who was enraged, accused President Hirawi of leaking the list and disgracing him publicly. He decided to stay at home and not to attend the Cabinet meetings. For several days, Hariri refrained from performing his duties as prime minister, until the two were again invited to Damascus and left with an announcement of reconciliation.

The IDF [Israel Defense Forces] attack in Lebanon was, therefore, the last thing that Hariri needed now. The necessity of writhing between the president and the chairman of the parliament, between Syria and its opponents, between the Christians and the Druse and the Muslims, between the Shiites and the Sunnis, already made it hard for Hariri to function, a fortiori because he had made it his aim to liquidate the local power centers, such as the Hizballah. The success of the test of strength will be seen the moment that the authorities disarm the Hizballah. Meanwhile, every Israeli attack keeps Lebanon away from that moment.

In the organization itself, they fear that after the overcoming of the Lebanese forces, the Hizballah's turn will come. "On the one hand, the government is seeking to take the weapons from us, and on the other hand, it does not defend us from the enemy," Fadlallah mourns. But he, too, knows that this grief is not in itself sufficient to stop Hariri's momentum. After all, the prime minister is an enthusiastic fan of the "al-Antzar" soccer team, the national rival of the "al-Najama" team that the Hizballah cultivates.

Soccer, as many other things in Lebanon, is not only a sports issue. Soccer fields are among the few places where it is still possible to make a political demonstration under an athletic cloak. It is possible to unfurl the Hizballah flags, it is possible to shout slogans, and it is possible to hit political opponents.

On the other fields, in the streets, in the squares, the activists of the organization are required to restrain themselves. Sometimes, directly by Syria and sometimes by the chiefs of the organization, who understand the fragility of their position.

Their problem is not only the aspiration of the government of Lebanon to full control. Syria's participation in the peace process, in contradiction to Iran's position, poses for Hizballah a dilemma that threatens unity within the organization and, perhaps, its very existence.

Iran is the main financier of the organization. According to estimates, it transfers to its coffers approximately \$3,000,000 a month. The Iranian export bank gives interest-free loans for the construction of inexpensive housing in the Bek'a region and receives a portion of the apartments for distribution or to sell at a profit. Under slogans such as "the construction jihad" and "housing for the weak," companies with a financial or administrative connection to the Hizballah build neighborhoods of inexpensive and convenient housing for poor families. Iranian financing was behind the construction of hospitals and schools whose services are utilized by the

members of the poor families in the Bek'a, and in this way the organization created its power center there. This entrenchment in the Bek'a and in southern Lebanon was also translated into political power, which today numbers 12 members of parliament from the organization. The organization was also offered a government ministry, but its chiefs rejected the proposal in order to be able to continue to behave as an opposition. But this power, which was built with Iranian money, depends on the mercies of the real and geographically close boss.

Iran also understands that as much as it supports the Hizballah, its power will not equal that of Syria, which rules the area, and, therefore, if it wants to maintain its supporters in Lebanon, it, too, must adopt a policy of conformity. Meanwhile, it appears that this is what it is doing. After the meeting between Velayati and Asad, the announcement was made in which the two "recommended" to the chiefs of the Hizballah not to continue the firing on Israel.

In the Hizballah, they are convinced that a clash between Syria and Lebanon is not possible. The spiritual leader, Fadlallah, understands that in order to survive, the organization must not be the pretext for breaking the harmony between Iran and Syria. He asserts that the Hizballah has no choice but to act within the Lebanese diplomatic framework, and, when necessary, to be an internal opposition within the framework of the law. He keeps the idea of establishing an Islamic state for another time.

But both Iran and the Hizballah are not monolithic. The secretary of the organization, Hasan Nasrallah, is now in the midst of a struggle over his political future in the organization. Against him stands the former secretary, Subhi a-Tufayli, who aspires to be reelected to the very powerful position. The decision will be made in Iran, according to the judgment of the chief of state and the spiritual leader, 'Ali Khamene'i. Prime Minister Rafsanjani, Khamene'i's strong rival, supports Nasrallah for the time being. Former Minister of the Interior Ayatollah Mohtashemi and several extremist clerics from Khamene'i's circle support al-Tufayli. As it were, to the extent that this depends on Iran, the scales are tilted precisely to Tufayli, unless Syria decides to intervene and lobby for Nasrallah, who represents the moderate tendency in the organization.

It is not impossible, write Lebanese commentators, that the result will be a split in the organization. One part of it, the moderate one, will become part of the legitimate political fabric in Lebanon, and the other part will continue with extreme activities against Israel and against opposing organizations. Meanwhile, Syria will continue to use the Hizballah as a sword unsheathed from the Lebanese scabbard in order to remind Israel of its ability to strike in painful places. Israel, for its part, replies in kind—an attack in areas under Syrian control. The ones who suffer are the Lebanese villagers in the south and in the Bek'a, who find themselves in a perpetual situation of being refugees and being tormentors of the Hairy government, which pulls strongly on the

corner of Asad's garment, who signals the United States with his hand, steps on Iran's toes under the table, and waits for the next Israeli attack.

Sketch of Interim Period Empowerment Difficulties

94A40083D Tel Aviv HA'ARETZ in Hebrew
10 Jun 94 p B5

[Article by Ze'ev Shiff: "The Land Mines in the Next Stage"]

[Text] The Palestinians say that the negotiations that have so far been held between them and Israel were no more than a dress rehearsal for the next stage—the intermediate stage of the agreement. According to them, whoever complains about the difficulties up to now in the negotiations will find that these difficulties were nothing in comparison to the difficulties that have yet to appear in the coming stages.

In Israel, they do not agree that this was a dress rehearsal, as every round of negotiations stands on its own, but in contrast to this they agree with the Palestinians that more dangerous land mines await the negotiators from both sides: the Jewish presence in the city of Hebron will arise in its full sharpness, and at the same time the problem of the presence of the Palestinian police outside of the Jericho region will become acute. The sides will certainly take completely opposing positions, and it is to be expected that the Palestinians will rush to accuse Israel that it is not observing the Oslo Agreement of Principles.

Even before the completion of the negotiations on the intermediate stage, or at the same time, it will also be necessary to deal with the remnants that the sides did not succeed in completing in the negotiations on the first stage. Among those are an additional increase of the Jericho region; the presence of Palestinian representatives on the Allenby Bridge on the Israel-Jordan border (not at the passages); and the temporary presence of international elements in the territories.

By the way, it is not clear from the Agreement of Principles exactly when it is necessary to begin the negotiations on the intermediate stage. It also is not stated, as is noted regarding the first stage, how long these negotiations are to continue. Meanwhile, the parties have agreed that the talks will begin in the month of July, but Israel has already, after 'Arafat's speech in Johannesburg, warned that the negotiations will not begin on the intermediate stage if the violations of the agreement continue. The optimists say that the negotiations on the intermediate stage will continue at least one year, but in contrast to the first stage, there are a number of actions that Israel must take meanwhile, which are not connected with the completion of the negotiations.

A glance at the list of the subjects awaiting discussion in the intermediate stage reveals the land mines that are on the road. Three central topics are on the agenda in the next stage: early empowerment (Early Empowerment)

[preceding words in English] in several spheres for the Palestinians, general elections to the Palestinian Council, which will be a kind of provisional government and will manage the Palestinians' affairs in the territories for a period of up to five years, and a new deployment of IDF [Israel Defense Forces] in the territories. As it were, each of the three subjects stands on its own, and that, in any event, was what Israel wanted would obtain. But in fact, and also as a result of the interpretations of the Agreement of Principles, it will become clear that these subjects are linked in one way or another, and, perhaps, even depend upon one another.

Israel will get a first surprise already on the subject that is considered to be extremely simple: early empowerment of the Palestinians. Israel complained many times that the Palestinians are not ready to receive the administration of what are supposedly simple spheres. Israel pressed and pressed, and in the end it was written in the Oslo agreement that the early empowerment would be in five spheres—education, health, welfare, tourism, and direct taxation—and, perhaps, also in other spheres on which the two sides would agree. The discussion on this subject and also the empowerment were to begin, according to the Agreement of Principles, immediately with the entry into force of the Declaration of Principles (that is, in October 1993), but the thing was delayed. Meanwhile, the parties decided that the empowerment and the discussion would occur with the completion of the withdrawal from the Gaza Strip and from the Jericho region.

This empowerment is, as it were, the simplest matter for implementation, but it involves more difficult aspects than appeared at the start. It is doubtful whether those who drafted the Oslo agreement saw the full significance of the matter. As the early empowerment in the aforesaid spheres will be rapid, and even before the elections to the Palestinian Council, everything that will be transferred to the Palestinians in the West Bank before the elections will be handed over to the Palestinian authority that rules in Jericho. That is, this authority, in Jericho, will receive controlling authority also in areas outside of the Jericho region in which a Palestinian population lives. And from this arise two important conclusions: the first, the early empowerment, to which we are committed, has a territorial significance in Judaea and Samaria and outside of the area of Jericho. The second, no less important, is that the early empowerment will bring the entry of Palestinian police also to other areas in the West Bank, outside of the Jericho region, already in the intermediate stage.

For the Palestinian authority to be able to impose its authority in spheres that will soon be transferred to it, it will want to use a Palestinian police force. He who proposed to the Palestinians to receive as quickly as possible the responsibility over direct taxation (one of the five spheres), should not be surprised that the enforcement of taxes and their collection also requires maintaining a police force, as is customary in Israel and in every other entity. It is not to be expected that the

responsibility for direct taxation will be transferred to the Palestinians—but the enforcement of the law will be in the hands of the Israel police or a foreign force.

In other words, the early empowerment will require the entry of a certain police force into the territories outside of Jericho. Thus, in Judaea and Samaria, in the same territory, will operate two forces, that of Israel and that of the Palestinians, already in the intermediate stage, unless the whole method of the stages is changed. The parallel operation of two forces invites disagreements and confrontations, and opens the way for clashes between the settlers and the Palestinian police.

An early presence of Palestinian police in Judaea and Samaria, outside of the Jericho region also derives from another issue that will soon come up within the framework of the negotiations on the intermediate agreement: the general elections to the Palestinian Council. The Agreement of Principles states that it is the Palestinian police who will maintain public order at the time of the elections (Clause 3). It is reasonable to assume that the police presence that will accompany the elections will not begin on the day that the polls open, but when the election campaign for the Palestinian Council begins officially. Thus, in any event, the Palestinian police will have to deploy in the territories a certain time before the elections. Had the elections been held in July 1994, as was recommended in the document of principles, the Palestinian police would be deployed already today in those areas of the West Bank that are populated by Arabs, while the IDF would have to move away from those places where the elections were to be held, in order not to provide the excuse for saying that Israel were intervening in the elections to the Palestinian Council. This has not yet happened, but it is going to happen sometime in the intermediate stage.

The most sensitive land mine lays in the questions of the redeployment of the IDF in the areas of Judaea and Samaria. Three main questions are connected with that: the timing, the location, that is, the places from which the forces will be removed, and the stages of the redeployment and its scope. Regarding the time when the IDF must begin the evacuation, the Declaration of Principles gives us a very clear answer (Clause 13): the evacuation could have begun as soon as the Declaration of Principles became valid, from October 1993 onwards. But that did not happen. Israel did not intend to move up the evacuation in Judaea and Samaria so much, as partial as it might be. But in the agreement, the latest date for the withdrawal of the IDF is specified. In that clause, it says that "not later than the eve of the elections to the Council, a redeployment of the IDF forces in the West Bank will be carried out." And in that way, the matter of the elections is linked to the matter of the withdrawal.

In contrast to the withdrawal from the Gaza Strip and the Jericho region, where Israel could link the withdrawal with the completion of the negotiations over the first stage, it cannot do that in the case of the redeployment in the West Bank, because the holding of the

elections stands on its own and is not linked to the completion of the negotiations over the intermediate stage. It is sufficient for the Palestinians and Israel to decide that the elections will be held on a certain date—and the IDF must redeploy no later than the eve of the elections.

The date of the elections depends first of all on the Palestinians. It appears that PLO-Tunis is for the moment in no hurry. Prior to the elections, they would like to ensure that their representatives will win, and this requires a period of preparation. The Palestinian leadership in the territories, with its various groups, which wants to ensure its place and to hold real democratic and free elections, is interested in large measure in the elections not being put off for too long. It may be that the Hamas (Islamic Resistance Movement) will also have something to say on this matter, especially if it feels that it has a strong position in public opinion and it decides to introduce its men into the Palestinian Council.

Israel also has an important interest in the question of the elections, and not only in the context of the redeployment of the IDF. It would also, of course, want the supporters of the peace process to win in the elections, but also for those elected to have real legitimacy from the Palestinian public and for a real democratic process to begin in the territories. But it will have to decide whether its immediate interest coincides with the earliest possible elections in the territories, or if it is preferable that the IDF redeployment in the territories be put off, so that it were better if the elections were also deferred, if only for now. The decision on this matter has not yet been made, but there is no doubt that the tendency at the moment is to prefer the second possibility: to put off the elections, and in that way also to defer the withdrawal of the IDF.

The question from which places the IDF will withdraw also would seem to be easy. But it is very complicated, because it takes us back to the most problematic city in the territories: Hebron. In the Agreement of Principles, there is a clear directive regarding the places from which the IDF must withdraw. In Clause 13, it is stated that "in the implementation of the redeployment, Israel will be guided by the principle of the placing of military forces outside of populated areas." It is clear that the intention is to areas populated by Palestinians. There will certainly be no arguments that settlements such as Nablus, Ram'allah, Jenin, Tul Karem, and the like, refugee camps, and also large villages, are the areas populated by Palestinians. In such places, the IDF can implement the redeployment in the intermediate stage with no difficulty, but on the condition that it will reserve for itself the right to move on all of the roads in these areas, including passing through the cities when necessary. This right regarding the roads will be maintained also in the later stages of the redeployment, until the permanent solution. It may be assumed that the Palestinians will raise a different proposal, the significance of which is the division of the roads: a few of them will be joint, on others only the Palestinians will travel, and on the remaining ones only the Israelis will travel.

The situation is different in Hebron. Here the subject is not just a land mine, but a booby trap that is connected to it. Hebron, in contrast to Qiryat Arba', is mainly an Arab city. But in the heart of Arab Hebron are five Israeli "pockets": Beyt Hadasah, Beyt Romano, Beyt Avraham Aviyinu, Tel Romeyda, and the yeshiva. Following the massacre in the Cave of the Patriarchs, Hebron became the display window of the agreement. After Jerusalem, it is the most sensitive place, but Jerusalem was left to the end of the negotiations, while Hebron must be dealt with soon. It is a city charged with emotional, national, and religious explosives. The Palestinian desire for revenge for the massacre, and the extremism of the two sides, are a sure recipe for clashes. The residents of this city, Arabs and Jews, are living in a trauma due to all that has happened there in recent months, and the placing of observers from three countries in the city also cannot solve the problem.

It might seem possible to say that the IDF can withdraw from Hebron, and the Palestinian police will be responsible also for the safety of the Jewish residents in the city. But all of the security factors say that the Palestinian police are not capable of coping with so difficult a task in Hebron. Someone who wants the removal of Jews from Hebron would want the following development: that is, the withdrawal of the IDF from the city, which would bring in its wake the departure of Jews due to the threat to their security. The simple solution is the removal of the few Israelis in Hebron and their concentration in nearby Qiryat Arba'. Several Israel Cabinet ministers supported this position immediately after the massacre in the Cave of the Patriarchs, but the prime minister decided against that. He rejected in the end also the proposal not to allow the yeshiva students who are studying in Beyt Romano to return to the yeshiva.

This is also the tendency today. Rabin has no intention of evacuating during the intermediate stage. Within the framework of the redeployment in populated areas, the Israeli pockets in Hebron, Israel intends to say that in this stage, it is not obligated to remove settlements, and that it has the responsibility for the security of the settlements and the Israelis. Even if Israel were ready to remove today one settlement or another, and a good example of that is Netzarim in the Gaza Strip, it does not want to do that at this stage, if only for tactical reasons connected with the negotiations. In any event, Hebron would be the last in the series of evacuations, and it will be a difficult test for both sides. It will, of course, arouse harsh accusations among the Palestinians, and they will say that Israel is violating the agreement; instead of preparing the background for withdrawal in the future and making it easier on those who are planning to accept restitution and leave, this will be a signal to the settlers to strengthen their hold in the field.

If that is the case, it is Israel's intention to define the Jewish community within Hebron (and, more precisely, the five pockets that are not exactly linked geographically) as an independent settlement. In the IDF they relate already to the dispersed Jewish community in

Hebron as a settlement. But this is not so simple from the military viewpoint. In order for it to be possible to defend these five pockets, they must be connected, and also a secure road to them must be left. This means that the IDF will withdraw, as it were, from Hebron, which is a city populated mainly by Palestinians, but it will remain with the Jewish residents in its heart. Therefore, this is not a real withdrawal, and hardly a partial withdrawal, even if the IDF withdraws from several points in the city.

The Palestinians also have great expectations as to the scope of the redeployment, that is, that the IDF will remove from the West Bank all of the forces that are not involved directly with external security. The IDF has today about 15,000 soldiers in the West Bank. This number changes also according to the current security situation. Before the intifadah, the number was much smaller, and those who were involved directly in occupation duties did not exceed several hundred persons. Some of the soldiers are regular army, but many reservists also are stationed in the region. Many are training there in and around various army bases. The IDF has no interest in maintaining large forces in the West Bank, and the intention is to reduce in the future also the number of units and headquarters. This conforms nicely with the cuts in the defense budget and with the reduction of reserve duty. Even though in the intermediate stage the IDF must secure approximately 120,000 Jewish residents in 114 settlements, it is not necessary to deploy many brigades in the West Bank. This plan will succeed if there will be quiet on the ground and if the Palestinian police will succeed in imposing its authority. For if the terror continues, it is clear that the IDF will not be able to thin its forces very much.

There will be two main stages in the redeployment. The first stage refers to the withdrawal from populated areas, and it is linked to the date of the elections. About the second stage, the Agreement of Principles says: "additional stages in the redeployment of the IDF to defined areas will be implemented gradually in a manner consistent with the assumption of responsibility for public order and internal security by the Palestinian police force." Here is emphasized the gradualness of the operation, so that the reference is to stages and not to one stage.

The second condition is the ability of the Palestinian police to assume the responsibility for public order and internal security. While in the first stage there is a clear reference to populated areas, in the succeeding stages there is no unequivocal definition from where they will withdraw. Therefore, as a matter of course, each side will give a different interpretation and it will be a subject for negotiations. Hence, the withdrawal in the other stages will not be automatic, and negotiations will precede it. In these negotiations, we will be able to learn indirectly what are the territories that Rabin and his government intend to keep in Israel's hands when the final stage comes, where the subject of borders also will be discussed.

The disarming of the land mines in the intermediate stage will not be easy. Due to the difficulties that are expected, there are experts who ask whether it is not preferable to move more quickly to the negotiations on the final stage, and not to wait a few more years. That is, they propose to skip the intermediate stage, or to bring into it immediately subjects that it was decided in Oslo to leave for the final stage of the negotiations, that which is to be concluded in another five years. But they are scattered voices. Rabin is sticking to the approach of stages as they were defined in the Declaration of Principles, in order to test the Palestinians in the transition from stage to stage, and, perhaps, also to allow them to organize properly in that time and to take full responsibility for their affairs.

Shahaq, Sagi Vie for Chief of Staff Post

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[Article by Orit Gili: "Whom Does Rabin Like More"]

[Text] At the end of the year, Chief of Staff Ehud Barak concludes his service and departs for what is defined as "private business." In fact, he will go over to a waiting position, and the general opinion is that he will enter politics prior to the coming elections.

And already at the end of September, Rabin promised recently, he will announce who will be the next chief of staff. The appointment of a chief of staff brings additional senior appointments—the assistant chief of staff, the chief of intelligence, the heads of the territorial commands—and the appointing of generals to other positions. In the next round, Rabin plans to replace also the head of the Shabak and the head of the Mosad, and, in sum, at least seven holders of positions at the top of the army and the defense system will be replaced.

Maj. Gen. (Res.) Avigdor Ben-Gal, who vied for the position of chief of staff against Moshe Levy and Dan Shomron, says that during the waiting period, the generals are engaging in intensive lobbying—among members of Knesset, ministers, and persons close to the minister of defense. "They always acted like that, because there are instances where it is definitely possible to influence the appointment by means of the media and molding public opinion." In recent years, the lobbying also includes behavior that was not regarded as legitimate up to the seventies: generals declare their candidacy, even if they are not at all regarded as candidates by the prime minister and the minister of defense. This is the way in which, for example, Yossi Peled behaved, when he was general in charge of the Northern Command. General (Res.) Yisrael Tal, the adviser to the defense minister, diagnosed after the Yom Kippur War what he terms "a change in the ethos of IDF [Israel Defense Forces] officers." Suddenly, he heard commanders expressing themselves in the manner "I decided to compete for the position of general" and was shocked then by the political-careeristic terminology that had penetrated the army.

Four generals regard themselves today as candidates for the position of chief of staff: Amnon Shahaq, Ury Sagi, Matan Vilnay, Yitzhak Mordekhay. It is clear to Sagi, Vilnay, and Mordekhay that Shahaq's chances are much greater than theirs, and their efforts are directed mainly to increase their chances for the position of assistant chief of staff. There were always such open struggles, says Ben-Gal, and the race goes on ever, though it is known that Shahaq is the one who will be chosen. "The formal crowning will indeed be in September, but just as Makaby Haifa was crowned even before the league [finals] were over, such is Rabin's decision in the matter of Amnon Shahaq. The matter has been decided for him already for a year."

Yet if Rabin invites in the coming days one of the four candidates to a conversation at his home, there is already cause for whispering. That is the case also when one of the four appears in interviews, on the television, on the radio, or in the press. Matan Vilnay appeared recently in an article by Mordekhay Kirshenbaum about the evacuation of Gaza; afterwards he was seen in a long article by the military reporter Alon Ben David, and finally in a lengthy interview with Nisim Mish'al. Recently, Vilnay also received a public compliment from Rabin on the manner in which the Gaza Strip was evacuated. Commentators on the prime minister estimate that this is a positive indication from the viewpoint of Vilnay, but the purpose may be to cause him to continue to work with full motivation and not to resign at an inconvenient time for the prime minister. Since he was 22, Vilnay has been what is customarily called in the army "a natural chief of staff," but he was never close to the minister of defense or to the prime minister. Suddenly, as one of those close to the chief of staff calls it, "Rabin chanced to meet Vilnay" both in the field and at cabinet meetings and in deliberations in the Ministry of Defense. The prime minister learned to value Gen. Vilnay, who is regarded today as having the best chances for the position of assistant to the next chief of staff.

Amnon Shahaq received public exposure during the talks with the PLO. Former IDF spokesman Nahman Shay says that the very appointment of Shahaq as Israel's representative at the talks was understood throughout the defense establishment as a sign that the decision in his favor had already been made. Ury Sagi, his rival, won exposure only at the press conference after the abduction of Mustafa Dir'any and was covered with congratulations for the superb functioning of the Intelligence Branch in the operation.

Praise for one general arouses feelings of jealousy among others. General in charge of the Northern Command Yitzhak Mordekhay was left entirely on the sidelines when the operation was carried out, and in "his" territory, no less. Mordekhay overcomes the bad feeling a bit when the Hizbollah responds, and then he can go out into the field in front of the cameras, to look for the place where the shells fell and to calm the residents of the north. There is no katyusha strike after which Mordekhay does not appear on television, says Nahman Shay,

emphasizing that every appearance of a general in charge of a territorial command must be approved by the chief of staff and the minister of defense. According to him, there is no doubt that those in authority above Mordekhay are also now considering his nonmilitary future, and are taking into account that if he decides to retire from the IDF, after the coming round of appointments, media popularity will assist him in building a political career.

One way or the other, Vilnay and Mordekhay are not regarded as leading candidates, and the only one who squares off against Assistant Chief of Staff Shahaq is Chief of the Intelligence Branch Ury Sagi. What is Shahaq's advantage over Sagi? During periods of quiet, says Gen. (Res.) Yeshayahu Gavish, the general who has held the broadest range of positions is chosen. In this, the assistant chief of staff has an advantage: he has been through all of the required posts, his combat path is glorious, he even received the Medal of Valor twice. Shahaq's stature today is similar to that of Ehud Barak in 1990, on the eve of his appointment as chief of staff by Yitzhak Shamir. Amnon Shahaq also enjoys great esteem on the part of the prime minister and the ministers, and is considered as having authority in the army.

Can lobbying efforts and media appearances still alter the relative strengths of Shahaq and Sagi? I spoke this week with many persons who are close to Yitzhak Rabin, and all of them agreed that public relations expertise cannot influence him on such matters, especially when he knows the candidates well. Because of his past as chief of staff, and because he was rejected twice for the post before he won it—Rabin still considers the position as something holy. A public relations campaign can only hurt a candidate with the prime minister. Then why did Amnon Shahaq decide to be interviewed last week, and to reveal details of the cancer with which he was stricken? Nahman Shay thinks that the interview was a sophisticated tactic, which was taken with the approval of the prime minister and the chief of staff and with their blessing, and was meant to preempt possible rumors. The prime minister's chief de bureau Eytan Haber notes in this context the interview that Rabin initiated in "The City", during his campaign two years ago, which was meant to foil in advance rumors about his drinking habits.

In the opinion of MK [member of Knesset] Rufe'el Eytan, a former chief of staff, such exposure is not good for the IDF. "I do not remember that there was similar use of the press in the previous contests for the position of chief of staff, but it seems that everyone is trying to further his own interests by the means that appear appropriate to him. What happened in my case? I did not need anything. I did not go to beg and I did not ask that they beg for me."

After Eytan's tenure, Minister of Defense Moshe Arens was under strong lobbying pressure from candidates and those close to them. The contestants were Dan Shomron, Avigdor Ben-Gal, and Moshe Levy. It is accepted that the decision in favor of Moshe Levy was determined by

Gen. (Res.) Menahem Menon, who had worked with Arens in Washington and returned to Israel, was given the position of director-general of the Ministry of Defense.

In 1987, at the end of the tenure of Moshe Levy, Yitzhak Rabin was debating between Dan Shomron and Ehud Barak, and sent an emissary for a kind of anonymous survey of the generals of the General Staff. The generals were asked misleading general questions—about the image of the General Staff in the next few years, about the desired track for preparing the senior commanders, and among them was also slipped in the question who was worthy of being appointed the next chief of staff. Most of the generals were for Barak. Rabin decided on Shomron.

In fact, it is possible to regard the appointment of Shomron as staying on the beaten path on the part of Rabin: the choice of a general whose turn had come, and who was serving at the time as the assistant chief of staff. Rabin said then to Barak that he was still young, that his time would come, and in order to ensure that he would march in the correct path he appointed him as assistant chief of staff. Now it is estimated that Rabin will offer Uzy Sagal to wait patiently, as the assistant chief of staff, on condition that Amnon Shahaq will agree. But the estimate of everyone with whom I spoke is that Shahaq is not interested in Sagal as his second in command, and prefers Matan Vilnay. Those close to Sagal say that if Shahaq is appointed as chief of staff and chooses a second in command from considerations of personal convenience and not from pertinent considerations—that will not be to the benefit of the system.

As early as a year ago, the relations between Shahaq and Sagal were good, but since the beginning of the contest they have become correct and less than that. It was not by chance that Uzy Sagal won compliments for the abduction of Dir'ani only from generals who are not vying with him: Uzy Davan, Ilan Biran, Hertzl Budinger, and Ze'ev Lurie. He did not receive compliments from Yitzhak Mordekhay, Matan Vilnay, and Amnon Shahaq. If it will not be possible to appoint Sagal as assistant chief of staff, Rabin may well offer him another important position in the defense establishment.

At the beginning of September, the prime minister will invite to a meeting, separately, Amnon Shahaq and Uzy Sagal. Each of them will be asked to prove why he is the appropriate candidate for the position of chief of staff. Yeshayahu Gavish, a general (Res.), vied against David El'azar for the position. According to him, Gavish wants to be chief of staff should have good communications with the prime minister and the minister of defense, "and if he arrives at the situation where he must ask for the position, that is very bad." Gavish was supported in the past by Minister of Defense Moshe Dayan, but Golda Meir and Hayyim Bar-Ilan supported El'azar, and their opinion was decisive.

Some of the ministers in the defense cabinet note that Shahaq has an advantage also in that his personal

relations with Rabin are good, but all the ministers say that the prime minister has an extraordinary high regard for Uzy Sagal. Intelligence Branch Chief Uzy Sagal, an officer of attention, is not a flake. Nevertheless, he feels freer with Shahaq. Undoubtedly, among the ministers said to me, "Rabin likes Shahaq more." Amnon Shahaq is indeed in the company of the prime minister a shorter working hours, and not long ago, Rabin phoned Sagal, took off all parties that kept him from seeing Uzy Sagal. In contrast, was never a guest in Rabin's home, and all of their conversations are limited to matters of work. My wife, as well, Sagal said recently, "I do not meet with the prime minister's wife."

The assistant chief of staff is a kind of right to be more prominent, and to have leadership qualities. The chief of the Intelligence Branch is seen as thorough—a stickler for details, completely independent, in his opinions. He was the first to present to the Likud government the change in direction in Syria and Hatiz al-Asad's new conceptions on peace. It was he who asserted vehemently, before the Madrid conference, that the PLO was the only Palestinian interlocutor. Sagal tells the politicians as things that they do not want to hear. Yitzhak Shamir, when he was prime minister, greatly regarded his opinion—even though it frequently contradicted the Likud's Weltanschauung—and would send his lieutenant Dan Mendor to Sagal in order to hear from him estimates in the diplomatic sphere. In the last month, Sagal reaped praises in the defense cabinet, when he explained the events in and in Mustafa Dir'ani. All the forecasts that he presented, of developments during the operation, turned out to be exact. In contrast, Amnon Shahaq sounds like a generalizer, and gives less in details. "Sagal talks with pincers, Shahaq with a brush," one of the members of the cabinet said to me.

Dan Mendor and Yossi Sarid say that Uzy Sagal is the best chief of the Intelligence Branch ever in the IDF. But these compliments, which sometimes reach the prime minister, are liable also to harm Sagal. Rabin may ask him to continue in the post of Chief of the Intelligence Branch. If there will be progress in the negotiations with the Syrians, Rabin may compensate him with the position of chief of the delegation to the talks with the Syrians, alongside of Itamar Rabinowitz.

From a certain viewpoint, the minister already has a certain obligation to compensate Sagal, because he did not keep the promise that Sagal received from the previous minister of defense, Moshe Arens, and from the chief of Staff Ehud Barak, for rotation in the position of assistant chief of staff. When Shahaq was appointed as assistant chief of staff, Sagal wanted to resign, and he said to Arens and to Barak that if Shahaq would be assistant chief of staff for four years, he would understand that he himself had no chance of being appointed chief of staff. Arens and Barak asked at the time that Sagal be chief of the Intelligence Branch. I have already been general in charge of a territorial command, he replied, and I was commander of the ground forces commander, and I did not have a chance to be chief of staff in my

Steps Out of Proportion

While fighter planes from the nearby air force base were thundering in the skies, Master Sergeant Yesh'ayahu, the commander of the course, starts off with a speech on the importance of discipline. "I do not want any disciplinary problems," he warns, and a roaring plane underscores his words, lending them a tone of authoritative aggressiveness. "Small violations will be dealt with in ways out of proportion to the offense," he promises. The plane makes another turn. "There will be no problem at all throwing people out of here! Too bad, if we have to, because it does not have to be that way," the prophet Yesh'ayahu [Isaiah] torments his flock's conscience, "and there have already been cases like that! Follow instructions and everything will be okay, but if not..." He raises his finger to the skies and two Phantoms move to his command, demonstrating what Yesh'ayahu can do if we do not go in threes.

We were divided into groups of 10, "buddies." We call the trainer "my buddy, which really sounds like an overdraft in a sperm bank, but does not keep him from being a nice guy named 'Ofer.' I had the fortune of being divided up with Giv'ati people—from the Reconnaissance Company, the sapper unit, and the brigades.

"Now we are going to the tent camp to arrange the mattresses," he announces, "get into threes and, you, call out the beat."

While Sergei, four months away from discharge, called out the beat in a gloomy voice and a Russian accent, and the others were trying not to obey and to look unnaturally bored and contemptuous, tramping the length of the route with shoes worn down from waiting for their promotions, I, unfortunately, suddenly had a feeling of a not distant enough *deja vu*: boot camp. As a "fighter" graduate of Training Camp 4, I was a real expert in mattresses (because of the company reputation, we were allowed to leave the confines of the bunk only on doctor's orders and there was not much to do other than figure-8 folds and arranging the cots) so that my bed was very soon perfectly blanket-tight. But the fear of the little recruit disappeared instantly when I saw my squadron commander from back then walking in threes in another buddy group, calling out "left, right" with a mattress on his shoulder. Beautiful!

Every morning, at 0700, there is muster. The tent clean, helmets under the right arm. From there, on to the training field, Marcel field. So who was Marcel, after whom the field was named? It was Lt. Col. Marcel Tobias, of blessed memory, who, in his day, was commander of a famous and respected flight training center. It was his misfortune, during a jump in the skies of Nepal, that his parachute did not open. A bummer. But it happens to everyone. He reached for his reserve parachute, and that one did not open either.

"Langvitch, Put Your Hat On"

"For safety, you have to do exactly what I tell you," Ofer instructs us by the sand field. "Langvitch, put your hat

on. It does matter. It starts with the hat and ends with behavior on the plane." Aha, the hat; that is what happened to Lt. Col. Marcel. "Put your hat straight." "We will do him a favor," Langvitch muttered as if doing him a favor. "I am the one here who has been waiting the longest for my promotion, so I have to put on my hat. What a disgrace".

After Langvitch straightened his hat, the longest and most boring part of the course began. The roll—a sophisticated abbreviation of the roll you have to perform after landing from the sky. Feet together, hands as if grabbing the parachute straps, knees bent, tongue not between your teeth and the fall to be spread over thigh, calf and shoulder muscles, after which the legs must be moved to the other side, together, 90 degrees. That is it. And that we do for the entire course, in various versions, from different heights and devices. Of course, the more time went by and the more I rolled, the worse and worse I got. That is the way the human learning system is constructed, and I am no different.

Another boring part is the drill on entering and exiting the rhinoceros plane, i.e., the Hercules. The platoon has to stand in two rows at the door of the plane, shout out the call-off numbers and put their hands on the pin cover of the reserve parachute—so that it does not open in the strong draft of the engines and drag you toward one of the propellers of the other planes, in which you would be cut up and scattered over the field within seconds in a thousand little pieces of sushi. Within the bowels of the rhinoceros they teach you various things. The kinds of mishaps, for example. You can get entangled in the strings, find tears in the parachute, maybe the 4-meter strap that connects the cable in the plane to your parachute and opens it will get twisted around your arm and tear it off—maybe you will luck out with a bum parachute, and if you do not get your wits together within nine seconds, it is all over. You might get carried out to sea, you might fall on a tree or get caught up in an electric line; for every problem there is a solution, generally not very convincing. In the adjacent [parachute] folding house, you can see the "folder's oath" everywhere, with the crucial line: "Work that is 'good enough' makes me a potential murderess," and you hope it is effective.

We Need a Filipino From the Brigade

Already on the second day we were called for duty on the base. First Sergeant 'Aviv from Tzabar Rifleman could not stand the situation and almost walked out.

"What am I, a kid?" he thundered, "what a shit course."

"I should have brought a Filipino from the brigade to do this for me," added Langvitch, from Rotem Auxiliary.

"I would be better off going back to Lebanon; there, at least, I do not do anything."

"If they find out in the brigade that I did KP and watch, they will kill me. They will not let me in."

"You are squash," says 'Aviv.

"True, we are squash, but you are getting eaten up with beatings," answers Langvitch.

"You would die."

Nargen.

The various devices in this inquisitorial amusement park are intended to drill you physically and mentally for jumping from a high plane. We will take them up in the order of their appearance.

The jump tower called Eichmann. The instructors, by the way, are forbidden from calling it Eichmann. A TV program on parachuting, that was broadcast some years ago, mentioned the family name of that oppressor and incited a whole host of stormy reactions: The name was made illegal and 'Ofer goes to the trouble of explaining that it is called the jump tower and woe be to anyone who calls it Eichmann. So we compromised on the name "E."

To start off, the trainers go up onto the E and demonstrate jumping from it. The height of the E is 9 meters. Of course, from down below it seems a lot more. At the top of the E a grinning tin box awaits you, the jump-off point. The E is frightening and, of course, does not do much for your back.

E. It is not fair to stick this simple jump tower with such an unflattering designator. The tower, really, is not guilty; it is only carrying out instructions. Still, why all of a sudden, E? Is it because the air path of those pushed off is reminiscent of that of someone sentenced to hang? Maybe because the idea of the device was thought up during World War II? Is it simply the result of an unprofessional association between two types of cruelty, born in the mind of the paratrooper somewhere in the early 60's? Maybe the intent was not to the classic E but to Ingrid E, the beautiful Icelandic actress who played the bold Brunhilde in the classic film "Parachuting to Reykjavik"?

After this unsettling demonstration, it is our turn. So I climbed up with small, quiet steps, my head bowed. On both sides of the tin box there are openings, to each of which leads a bench upon which there are four candidates for an artificial drop. Connected to the harnesses to which we were first tied are cables that, to our great surprise, are pulled outside. On the other side they are connected, omega-like in shape, to other cables that are stretched over several tens of meters. The rumor says that they return you to mother earth. The trainer opens the bolt with a metallic ringing noise like the last sound to reach the ears of the late Louis the 16th, before they wound up in a straw basket. "Left door, count off!" the trainer presses, and we put on an expression as if we are checking the harnesses and buckles—until the "Jump" comes with the blow to the helmet. Nine meters. Of course, from up here it looks like a lot more.

The Trainer Calls Out: Up! Up! Up!

Our next device is called the "little swing," to let you know that there is also a big swing. There are eight openings in a high, extended platform, where the victims

are harnessed to straps that are tied to bows that rise several meters forward. What happens after that, excuse the limited range of associations, seems like a festive execution: The trainer calls "Up, up, up!" and one after the other the feet of the convicts leave the platform, dropping heavily downward and then suddenly brought up again, like a dribbled basketball, hanging and dangling powerlessly. On this gallows they drill the fateful exit. Your hands have to be stretched outside the "doors of the plane," and with a violent kick the soldier is asked to jump down.

The "big swing," or, as the trainers call it, the "landing trainer," or, as it deserves to be called the "aerial torture rack of the committee for birth control," is the most wicked device on the base. Alongside it, Eichmann seems like 'Uzi Hitman. The landing trainer is high, 5 meters, but not high enough: Unlike the Eichmann, you know that you can fall from the landing trainer, but you are not sure if you will die, and that is much more frightening. The structure looks like a little swing—a platform from which you jump, harnessed to straps drawn tight to the high bow in front of you. But there are several unpleasant improvements in this device. If you do not lower your head immediately upon jumping, the two rear straps will whip your ears, hard. Since no one lowers his head, everyone has scars between his ears and the back of his neck after one or two jumps. The cables upon which you and your life depend are not much more flexible than boards, and you feel as if the straps were threaded directly into the vertebrae of your neck and the length of your spinal cord. Similarly, the thigh straps, if you do not tie them correctly, as I did not, will make clear to you what real fear of castration is. Of course, the more it hurts you, the more you are afraid of the next jump.

Last but not least: a simulation of crashing onto the ground. No one is as smart as someone with experience, and in order to let us know how much it will hurt when we land with the parachute, the trainer waits patiently for the moment when you are not ready and, while you are still dangling in the air, he pulls some handle and releases you all of a sudden from the cables. Does it hurt? Yes. Now we move on to the rolls.

Relative to the other devices, the omega hurts body and soul a lot less, and they therefore use it a lot less. Nor is there much to write about. You grab the omega, travel with it a short distance, leave it, get full of sand and go back up.

It is also worth noting devices that I had the good fortune not to try.

The glorious heritage of the Zeppelin Hindenburg—and so they passed their days, between the sand box, the instruments, the plywood rhinoceroses, 'Ofer's patient but strict training, the good lunches and the Sheqem. 1st Sgt. Langvitch got in the trainer's good graces with his stock of jokes about kids, 1st Sgt. 'Aviv complained about pains in his "promotion-waiting" bone—until the

fateful morning arrived when we took our parachutes, traveled to the empty airfield, and stood, as in the endless drills, in two rows.

The concrete ground trembled and the dim thunder got louder: 120 men raised their heads and looked around, as if awaiting the eruption of a volcano, the hundreds of Indians that would suddenly appear on the ridge or a mighty glacier that would slowly sweep over them. The Hercules plane came over for the turn and floated onto the runway opposite us. We were already connected to our parachute harnesses. The plane stopped with a mighty roar from all four of its engines and its mouth opened.

"Left door, call out," the trainer's lips moved, while a second plane roared in, doubling the noise. "Left door, march to the plane!" We placed our hands over the pin cover of the reserve parachute and turned in line toward the ramp of the Hercules. I began to think about the glorious heritage of the Zeppelin Hindenburg, about the Pan-Am flight in Scotland, the way the Israeli jumbo landed in Amsterdam, the abbreviated flight of the Challenger, and the sad fate of the Suriname basketball team, about the aerial collision in Manchester, England—and I suddenly came to the conclusion that I believe in God and I believe that God believes in Claude—which is me.

The interior designer of the plane thought of all the ways to encourage worry: dramatic illumination, red straps hanging down from all directions, "Danger" signs displayed like ads in a bus and, in the background, an accelerated buzzing, like the monitor of an ecstatic heart patient, that apparently serves some purpose other than to frighten. With each passing step I am more pressured—the appearance of the plane, the entrance, the wicked noise that portends all is lost and the plane that begins to taxi. The command "prepare for take-off," after which, because of the momentum, so they taught me, "you have to hold your hands still between your legs and lean back." Because my balls were fluttering and jumping in fear from side to side, I was forced to grab the bench.

The rhythm of the buzzing increased and suddenly the plane takes off, and I understood that within 10 minutes I would not be in the plane. The trainers pass among us all and tie us to the cable. What am I doing here? Do not smoke, do not spit, do not crack seeds. Are you the conductor? Here is the noncom. One more station and I get off. Is this Soqolov? Two doors open, a mighty wind deafens the ears and distorts the faces of the trainers standing alongside.

Driver, close the door. Somebody rang. Why is everyone getting up? Is there an old man on board? Why is that guy moving toward the door? Is that not dangerous? What are they shouting at him? Probably they are asking him. "Please do not stick your hand or head out the window." He is waiting by the door. Aha, he has no ticket. Fear is the killer of understanding. Excuse me, they call me Azit, the parachuting bitch from Caesarea,

where is the loop? The Hungarian police are after me. The red light by the door turns green. Blue mist rolls in at my feet. Mommy, save your poor son! Drop a tear on the patient's skull! The ship Danzig is sinking. People are jumping out! They are giving out ice cream! "Jump, jump, jump, jump..." The voice of some trainer can be heard over the wind, the door approaches me. "jump, jump, jump, jump..." five more and it is my turn, four more and it is my turn, I am not jumping, two more, my turn. "Jump!" "Jump?" "Jump!" "Why jump?" Jump already, you rabbit, you!

I Do Not Remember How I Landed

I am outside, pulled by a mighty wind, drawn, dragged, and suddenly stopped. Quiet.

I raise my head and above me, like a halo, a perfect heavenly circle is holding me softly to keep me from falling. All of the images that one could draw on were taken as if from the beginning from the feather of the parachutist—praise the wind and the seventh heaven—and there is no reason to draw on them to describe the slow dive through the air.

Great.

I do not remember how I landed, with a roll or not, but apparently I was sufficiently fit to gather everything and get to the collection point.

The first sergeant enjoys bouncing the formation from attention to rest and organizes the soldiers for a visit from the commander of the flight training center, Col. Yoram. Col. Yoram greets everyone, the trainers pat the blue-background wings that hover over the breast pockets of the trainees. Red tape gives voice to the hope, with the usual human accompaniment—a soft humming that escapes the half-closed lips of soldiers who are not sure with words but prefer to look like Zionists deep in thought rather than admit their silence. Fighter planes cross the sky to the strains of the national anthem while the wake of the engines' thunder melts away and the first sergeant calls out, "Discharged."

The IDF [Israel Defense Forces] Parachuted Forces Only Once

The commander of the parachuting school explains why hundreds of classes of soldiers still go through the parachuting course.

Does that one drop at the Mtia Pass, during the course of the Sinai Campaign, justify the expense and employment of an entire base and the aerial education of hundreds of classes of soldiers? In the opinion of Col. Yoram, the commander of the flight training center, of course it does. Without being able to go into details, Col. Yoram has lots of reasons for leaving the parachutes of the Israeli sabra in the air for a long time yet.

Is there a need for parachuting even today when there are helicopters?

The debate over parachuting in the IDF has been an issue for years. Many commanders fear a situation in

which they would send soldiers into the field and not know how to bring them back. It is more convenient to use helicopters to bring soldiers to the battlefield, but this route has limitations of range and quantity so that parachuting will always remain as an operational option. Beyond that, you have to remember that parachuting, and the internal war that every soldier undergoes in order to do it, form the fighter image and serve him down the road.

Is parachuting in any way an effective tool?

Military history in the Second World War and afterward proved that one of the effective ways of bringing massive forces to the battlefield is parachuting.

Is the shortened course that soldiers of the special units take sufficient?

In the future there will be an increase in the number of parachute drops for soldiers in these units that really need this operational capability. Beyond that, the school training is one of the best and most substantial in the IDF. With the high expertise of the trainers, the superior parachutes and one of the world's best folding units, the IDF can also take pride in the very small number of injuries.

New APC Described

94I 10185B Tel Aviv BAMAHA in Hebrew
11 May 94 pp 15-17

[Article by Yonatan Levi: "This Is the Akhzarit"; all quotation marks as published]

[Text] This week the IDF [Israel Defense Forces] unveiled the 'Akhzarit' [cruel one] after years of development and testing. The need for a new APC showed up as far back as the war in Lebanon when many soldiers were injured while traveling in an M-113-type APC, that only protected from light weapon injuries. As a lesson from that war the Ground Forces Command tasked the Ordnance Corps and the General Staff of the Quartermaster Branch with developing a plated, mobile APC, capable of fighting with its armor plates closed, that would facilitate the transport of 10 soldiers with their weaponry. The 'Akhzarit' was built as an emergency project, and as such deliberate compromises were made.

The hull of the Russian Tiran [cruel tyrant] tanks T-55 and T-54 was chosen as a basis for the 'Akhzarit' APC because of the IDF's existing plunder of those hulls. The automatic systems in the tank and its track, spring and suspension system turned out to be unsuitable and were therefore replaced.

Turning the tank into an APC was accomplished by removing the turret and building a new, advanced troop cabin. It thus became a heavy APC relative to the M-113. Furthermore the 'Akhzarit' is protected with advanced plating that provides it the invulnerability of a tank. On the front the 'Akhzarit' can withstand a variety of battlefield threats in the same way as advanced battle tanks.

A further advantage of the 'Akhzarit' over the M-113 is its ability to fight with its armor plates closed. A forward 'Israel Weapons Development Authority' position assures the security of the forward commander and machine gunner. The original design, that included 'Israel Weapons Development Authority positions' on the right and left, as well, was not implemented because of various difficulties. In their stead, two machine guns were installed in regular, exposed positions. During an assault, the commanders must weigh lessening the fire power and bringing the machine gunners inside. The 'Akhzarit' is also armed with a 60-mm mortar, an additional machine gun and the possibility of camouflage and exploding smoke dischargers.

The 'Akhzarit' is in use today in a number of units. "In the long-range plan we will supply a considerable portion of the assault infantry forces with a heavy APC," says the commander of the Ground Forces Command, General 'Emanu'el Segel, "in order to have them cross territory under fire together with the tanks and reach the objective uninjured. We want to continue the multiyear program for a heavy APC, the 'Akhzarit' or something better."

Regular security patrol activity is not included in the objective for which the 'Akhzarit' was developed—secure transport of soldiers to an objective during wartime. The 'Akhzarit' has to be maintained, like a tank, before, during and after operational activity. It has a high level of mobility, that was displayed in the Din VeHeshbon campaign—the 'Akhzarit' can cross deep trenches, ford streams, and its travel range is very high.

The 'Akhzarit' can also be used as a tool to go up to a fire position alongside a company deployment as machine gun cover for infantry troops moving up to an area, or as a fire base for the 60-mm mortar on a rear slope. It can serve for safe evacuation of the wounded and the effective introduction of reinforcements, supplies and ammunition.

A further advantage of the 'Akhzarit' is its ABC [atomic, biological, and chemical] and fire extinguishing systems. The ABC system also doubles as an air-conditioning system, with integrated piping but separate electrical systems. The troops can connect their masks to this system as required. The masks can be disconnected and removed from the APC. The Spectronic automatic fire extinguishing system is also installed in the M-113. The 'Akhzarit' also has night fighting capability.

The 'Akhzarit,' which was designed by the Ground Forces Command, is the product of the Quartermaster Branch and was developed by the Ordnance Corps. The plating for the 'Akhzarit' was designed by the Defense Minister's aide, Gen. (Ret.) Israel Tal (Taliq).

"We developed a heavy APC," explains the head of the Quartermaster Branch, Gen. Hagai Shalom, "an APC with tank-like plating, tank-like mobility, and increased fire power. If you were to see the 'Akhzarit' at the beginning of the production line, you would see a piece

of steel. Then it was necessary to cut, cut, cut, to replace everything until almost nothing was left—and from there we started rebuilding.

We built a new production line that had problems at the beginning, but it works beautifully now and, in the final analysis, the soldiers' level of satisfaction with the 'Akhzarit' is very high.

At the time there was debate over which hull to build this APC on. The choice fell, for a lot of reasons, on the Tiran hull, and we built the APC from it."

How did the troops receive the APC?

It got an outstanding reception. Instead of running up hills on foot, the troops had a vehicle in which they were shielded. The 'Akhzarit' allows 10 soldiers to move within a protected vehicle. Furthermore, they have a rear opening. They do not have to jump out the top, exposed to fire.

One question remains open even after the interview with the Quartermaster chief: Why was this innocent APC given such an unfriendly name?

Captain M. from the Ordnance School, you have demonstrated impressive knowledge and control over all the technical, operational and historical aspects of the 'Akhzarit.' What is the source of its name?

"I do not know."

The answer was found only after digging through the IDF list of names for operations and projects. It was from there, as if from a list of names for babies, that the cruel name was taken and wickedly attached to the innocent APC.

"The Akhzarit Serves Soldiers Well in War"

And Gen. 'Emanu'el Segel adds that the 'Akhzarit' was built as an emergency project and its birth was accompanied by childhood illnesses.

"Protection for the infantry must be improved and we, in a long-range plan, want to equip a sizable portion of the assaulting infantry order of battle with a heavy APC like the 'Akhzarit.' With the help of such an APC it becomes possible to cross areas under fire and to get to the objective together with the armor forces," says the commander of the Ground Forces Command, Gen. 'Emanu'el Segel (see the full interview with Gen. Segel above). "We are looking at a large part of our industry from the point of view of the ground forces battle team, which is the linchpin of our fighting ability, and the general strength of which depends on the weakest link."

There are complaints about certain characteristics of the vehicle. How do you intend to solve the problems?

It must be remembered that this project was accomplished as an emergency endeavor. We took an old Tiran tank, replaced its engine and equipped it with very heavy replacement plating; and that sort of thing is bound to induce a lot of childhood illnesses. Nevertheless the infantry took the vehicle.

The Mercava tank, with similar plating, reaches a very high speed.

The Mercava tank was assembled from the start using a different method and for different purposes. The ultimate criterion is: How will the 'Akhzarit' serve the troops in battle—and it will do that superbly.

KUWAIT

Report Details Budget Deficit

94AE0142A London AL-HAYAT in Arabic 18 Jun 94
p 10

[Text] Kuwait—The National Assembly's Fiscal and Economic Affairs Committee held a joint meeting with the government's budget team to study the government's preliminary budget draft for FY1994/95. The draft, which accounts for supplemental military outlays, forecasts a deficit of up to 2.1 billion dinars [KD], or 10 percent of general revenues. That estimated deficit would narrow to about KD1.85 billion if allocations for reserves for future generations were excluded.

The widening budget deficit—even after excluding supplementary military allocations—comes as a surprise since the government was believed to be intent on reducing it. The government and the Committee have agreed in principle to cut back expenditures in order to reduce the deficit. The Committee proposes a 10-percent cutback of about KD432 million, which would reduce the deficit by about 21 percent, according to government calculations and reduce it according to hypothetical real terms by 24 percent.

Implementing that proposal would reduce the deficit to about KD1.4 billion, even after figuring in supplemental military expenditures. Those allocations should be excluded if comparison with previous years is desired; in which case the reduced deficit would come in at about KD0.9 billion and would extend its downward curve that started with the liberation. This is a good indication and there is no alternative but to maintain it at an accelerated rate even though the gain would supposedly be at the expense of defense appropriations. The government, even though it has agreed in principle, will be hard put to translate that agreement into action. It faced the same dilemma last year and had to pressure the final session of the Assembly to restore its original appropriations.

The government, according to published reports, is likely to present two budget drafts. One would reflect the Committee's admonition to shrink expenditures and the other would be based on the government's own proposed cutbacks. We concur that the government is inclined to accept the cutbacks in principle, but we believe that its approach is flawed. Rather than negotiate reductions, the government should have submitted a final budget draft committed to the continued shrinkage of the deficit.

Foreign Investments

The National Assembly last week discussed a previously published Audit Bureau report that we have already reviewed. The report deals with assets that Kuwaiti authorities deposited during the occupation with the Bank of Bahrain and the Middle East and with Tunis International Bank. The Assembly expressed dissatisfaction with the pretexts put forth by the former finance minister to justify depositing more than \$400 million with the two banks. It was likewise dissatisfied with the government's response to the Audit Bureau's report on those deposits and recommended, as it did with the oil tankers incident and with other investment cases, that the government turn the entire matter over to the General Prosecutor.

There is no doubt that the government's response erred by upholding the former finance minister's pretexts. His actions cannot be justified by the nationality of either bank, by their size, by the probable impact on the financial reputation of Kuwait, by the positions and the ownership of the two banks, or by the conditions or priorities mandated by the occupation. It was good that the government did not assume a defensive posture at the hearing and that it ultimately opted to accept the Assembly's recommendation to refer the case to the prosecutor, thereby resuming the correct stance it has adopted since incidents of malfeasance began to surface.

The new oil minister is due to attend OPEC meetings for the first time since the cabinet reshuffle. Judging by his preliminary statements, he seems optimistic about oil prices, but we are not exactly sure about his objective and source of optimism—Is it that prices will rise to OPEC's target of \$21 per barrel, that they will stabilize at current levels (\$5 less), or that they will climb slightly to a new target? Prices at the beginning of this year were some \$3.5 dollars lower than current levels, prompting the Kuwaiti Government to propose revising oil revenue estimates down to \$10.5 for Kuwaiti oil last January from \$15 at the beginning of the fiscal year in July of 1993 [as published]. Kuwait's 1994/95 budget forecasts oil revenues at \$12 per barrel. Current price levels, which seem higher than the two estimates, will cover the budget deficit to a degree, even though they will not have much of an impact on current deficit levels.

There are recurring reports that the government has completed its bill to amend Law No. 41 of 1993 governing under-performing loans, but it has not yet formally requested such an amendment. We believe that this amendment business should be resolved one way or another during the current legislative session in order to allow those affected by it adequate time to straighten out their affairs instead of wallowing in our bad habits of waiting for things to resolve themselves without action on our part, and of waiting until the last possible moment, then suffer the consequences of our procrastination and the attendant miscalculations. The governor of the Central Bank of Kuwait said in a recent interview that the government has retired underperforming debt bonds valued at some KD1.8 billion and pointed out

that the bonds had depreciated in value from about KD5.2 [billion] to about KD3.4 billion. It seems, however, that he did not take into account the bonds in the real estate portfolio of the Kuwaiti House of Finance which has a value in excess of KD0.4 billion.

It is generally known that the interest rate [on investments] is maintained at the median cost of money to banks, which is low, purportedly to allow the government a higher margin on the funds it collects in order to cover losses from settling debt accounts.

SAUDI ARABIA

Light Rail System for Pilgrims Considered

94AE0137A London AL-SHARQ AL-AWSAT in Arabic
27 May 94 p 9

[Report from Jeddah by Sa'ud al-Tuwaym: "Rail System for Pilgrims Considered by the Saudi Ministry of Transportation"]

[Text] The Saudi Ministry of Transportation [ministry as published] is currently considering a light rail system to transport pilgrims among sacred shrines as one way of developing the Ministry's services to the guests of God. The Ministry will also embark this pilgrimage season on studying the feasibility of privatizing independent means of public transport by large shuttle buses during the pilgrimage season. This field study will focus on the run between 'Arafat and al-Muzdalifah. The latter is frequented over a short period of time of no more than a few hours by a large number of cars carrying hundreds of thousands of pilgrims who overnight in al-Muzdalifah on the way from 'Arafat to Muna in the early days of their trek.

The Ministry of Transportation is presently intensifying its activities and is utilizing a working team of experienced specialists and consultants to conduct several research and field studies on the region of the sacred shrines.

The Ministry also continues to evaluate the policy of banning cars from Muna during certain days of the pilgrimage and is polling pilgrims on the idea of issuing each of them a single card they can use to ride group buses connecting Mecca with Medina and other sacred shrines.

REPUBLIC OF YEMEN

Bin Daghir Discusses Damascus Talks, Crisis

94AE0148A London AL-SHARQ AL-AWSAT in Arabic
5 Jul 94 p 2

[Interview With Ahmad Bin Daghir, South Yemen National Assembly chairman, by Salwa al-Ustuwani in Damascus; date not given: "Head of Aden Delegation to Damascus Tells AL-SHARQ AL-AWSAT: "Recognition of South Yemen Is Settled Issue; Circumstances Beyond

Control Prevent League From Moving"—first two paragraphs are AL-SHARQ AL-AWSAT introduction]

[Text] Damascus—A South Yemeni delegation has arrived in Damascus within the framework of an urgent effort to confront the military and political developments and to try to gain international recognition for the recently proclaimed republic. The delegation includes members of the Yemeni National Assembly, which has been formed in Aden and which is tantamount to a new house of representatives. This delegation, which is headed by Ahmad Bin Daghir, the assembly deputy speaker, has already visited Cairo, London, and Bonn. In Damascus, the delegation has held talks with 'Abdallah al-Ahmar, the assistant secretary general of the ruling Ba'th Party; 'Abd-al-Qadir Qaddurah, the Syrian National Assembly speaker; and a number of officials of the Progressive National Front. It is not unlikely that the delegation will meet with President Hafiz al-Asad.

The delegation has held the Sanaa regime, led by 'Ali 'Abdallah Salih, responsible for the war and for its escalation. It has also explained to Syrian officials its view of Sanaa's schemes and endeavor to disregard the Arab will and UN Resolutions 924 and 931. The delegation chairman has said that Syrian officials have emphasized the need for an immediate ceasefire and for a return to dialogue. He believes that recognition of South Yemen is a foregone conclusion.

On this effort, AL-SHARQ AL-AWSAT has conducted the following interview with Ahmad Bin Daghir, the delegation chairman:

[Al-Ustuwani] What is behind this sudden effort?

[Daghir] We have the Yemen war which is preoccupying the world. We have come to present our viewpoint to the Syrian authorities, as we have presented it to the British, German, and Egyptian authorities. We have also explained the latest developments in Yemen, and we have begun to feel that our tour has begun to produce good results.

[Al-Ustuwani] What is the outcome of your meeting with 'Abdallah al-Ahmar, the Ba'th Party assistant secretary general; 'Abd-al-Qadir Qaddurah, the Syrian National Assembly speaker; members of the Progressive National Front, and other officials? What is the Syrian position?

[Daghir] The brothers in Syria have shown a profound and complete understanding of the developments in Yemen's tragic situation. We and they agree that the priority at present is for a ceasefire. Dialogue can then follow to settle existing problems.

[Al-Ustuwani] Have you presented specific and definite issues?

[Daghir] We have informed the brothers of all the details on the ground, of the tragic conditions under which Aden lives, of the brutal shelling to which it is subjected by the Northern forces, and of the destruction inflicted on civilian installations and vital utilities. We have familiarized them with the situation in Aden.

[Al-Ustuwani] What are your demands now?

[Daghir] In addition to a ceasefire and to the resumption of dialogue, we urge the need for political recognition of the new state in Aden. This state was a member of the Arab League and of the United Nations. The South had its status in the past. Practically, the current condition has been imposed on the South. We had no choice after 'Ali 'Abdallah Salih declared the war on the South. We had no option but to proclaim the democratic state of South Yemen.

[Al-Ustuwani] What role is required of Syria now?

[Daghir] We want all Arab brothers, especially Syria, to mobilize all their resources to stop the bloodshed and to compel Sanaa to respect the Arab and international will and Security Council Resolutions 924 and 931 because it seems that Sanaa no longer gives any weight to the Yemeni citizen's blood or to Arab and international public opinion.

[Al-Ustuwani] Will you be meeting with President Hafiz al-Asad?

[Daghir] If the opportunity becomes available, yes. Certainly.

[Al-Ustuwani] How do you view the domestic situation now?

[Daghir] Battles go on until this very moment and the Northern forces' artillery has been shelling civilian quarters with unprecedented brutality. This artillery targets overcrowded areas. This is why a large number of victims have fallen in the city. But the Northern forces haven't been able to advance to the city because of great resistance by the army of the Democratic Republic of Yemen [DRY] and by the citizens. The citizens have been resisting resolutely because they have a goal, namely to defend their dignity and their honor vis-a-vis the invasion and occupation forces that are led by 'Ali 'Abdallah Salih.

[Al-Ustuwani] How would you characterize the people's hardship in Aden?

[Daghir] The people are experiencing great hardship. The city has been denied electricity and water for nearly a month. You can imagine the condition of a blockaded city lacking water, electricity, other mainstays, and food supplies. The people's hardship in this city is extraordinary and indescribable. But despite this hardship, the people stand fast. The people are facing even harsher conditions now. However, they have no choice but to fight the occupation under all circumstances.

[Al-Ustuwani] The ceasefire is violated incessantly, even though it has been proclaimed repeatedly. The Northern forces are determined to establish full control over Aden. What is your position and what situation will develop if the Northerners control Aden?

[Daghir] They will not be able to control Aden. Aden is a struggling and fighting city which has its glorious history. Aden's inhabitants have always been noble

people, and they will not accept humiliation and disgrace, regardless of the forces or tendencies available to the al-Ahmar clan in Sanaa. Aden will fight, and for a long time to come. 'Ali 'Abdallah Salih said that he was going to enter Aden in three days and perform Friday prayers at al-Hadrus Mosque. The war has entered its third month now and the military position hasn't been determined. 'Ali 'Abdallah Salih's forces will not be able to enter Aden because its population—men, women, young, and old—will defend it with great bravery and until... People who defend their honor and their freedom like Aden's people will not be defeated. 'Ali 'Abdallah Salih's forces dream of entering Aden, but they will not be able to enter it. Ferocious battles may occur and numerous victims may fall. But this will not break the resolve of Aden's people, who will deflect all plots, as well as the brutal onslaught that is led by 'Ali 'Abdallah Salih.

[Al-Ustuwani] So, what do you expect in the coming days?

[Daghir] We expect the brothers in the Arab League and the Security Council to impose respect for their resolutions because 'Ali 'Abdallah Salih has disdained the Arab and world public, has refused to obey Resolution 924, and has violated the ceasefire repeatedly. Salih also signed the Moscow accord and then violated it. He tries to tell the world one thing and then proceeds to do something else, hoping that he will be able to gain control of Aden. But he will not control it and he will be exposed more and more day after day. He will find himself besieged by the Arab and world public opinion.

[Al-Ustuwani] What is your opinion of the Arab and international position?

[Daghir] The Security Council resolutions are good resolutions. But the important thing is implementation. We expect the Security Council to enforce its resolutions.

[Al-Ustuwani] And what about the Arab position?

[Daghir] As for the Arab brothers, it seems, regrettably, that the Arab League is in a state of imbalance. There are numerous issues. But if this issue had been dealt with by

the Arabs at an early stage, it wouldn't have been presented to the Security Council. Arabs and the Arab League are sympathetic to the people of South Yemen. But it seems that there are circumstances beyond the Arab League's control that prevent the League from saying anything of significance or anything that can be enforced.

[Al-Ustuwani] Have you received Arab or international promises to recognize the state of South Yemen?

[Daghir] I expect that the democratic state will be recognized shortly. I say this as a result of my personal evaluation of the outcome of our meetings with Arab officials. However, we leave it up to them to declare their recognition with the appropriate decision at the appropriate time.

[Al-Ustuwani] It is said that there is a split in the South between those who support unity and those who reject it. How can this split be tackled?

[Daghir] It can be said definitely that the leadership and the people are so united now that one can say that there is a single position that is represented by the political leaderships and embraced by the people. All Southern political forces that were in the government, such as the YSP [Yemeni Socialist Party], and those that were outside it, such as the League, the Unionist Grouping, and others, agree on one thing, namely to strengthen and back up the DRY against the marching Northern forces.

[Al-Ustuwani] So, the main mission of your tour is to get Arab and international recognition of the state of South Yemen.

[Daghir] Yes, certainly. This issue is settled insofar as we are concerned, and we were originally a [separate] state. This decision [to seek recognition] has been imposed on us after 'Ali 'Abdallah Salih declared the secession. Unity was founded peacefully and democratically. They are the ones who have strayed from the unity accords, including the 30 November accord, which is a part of the other accords.

[Al-Ustuwani] Do you expect to receive recognition of the republic of South Yemen soon?

[Daghir] Yes, very certainly, and soon.

INDIA

Reportage on Reaction to Rao U.S. Visit

Manmohan, Govindacharya, Others

94AS0315A Calcutta THE STATESMAN in English
23 May 94 p 5

[Article: "Rao's Visit in National Interest: Manmohan"; names as published]

[Text] London, May 22.—The Finance Minister, Dr Manmohan Singh, has said the Prime Minister's visit to the United States was in the national interest and this has been vindicated by the "successful" outcome of the Rao-Clinton summit, reports PTI.

Speaking to reporters here over the weekend, Dr Singh said the Government's economic reforms programme and the broad strategy of integrating Indian economy with the global economy were fully endorsed by the U.S. Government and the captains of American trade and industry.

Last year, U.S. exports to India went up by 44 percent and Indian exports were up by 22 percent, he added.

Asked about contentious issues such as the U.S. trade embargo, the Finance Minister said the issues were discussed but no final conclusions were reached.

Asked whether Mr Rao was under pressure from foreign investors to change the existing Indian Labour Laws, Dr Singh said, "In a fast-changing world, we are willing to look at all mechanisms which stand in the way of faster development of our economy. I don't believe foreign investors find Indian Labour Laws an insuperable barrier to increase investments."

Dr Singh said a greater flexibility in labour market conditions was in the long-term interest of workers as it would help create job opportunities.

Meanwhile, the all-India general secretary of the BJP [Bharatiya Janata Party], Mr Govindacharya, has said the Prime Minister's recent visit to the United States had been "fruitless" since Mr Rao had "failed to relieve U.S. pressure on NPT [Nonproliferation Treaty], Agni and the Dunkel proposal," a report from Jamshedpur adds.

Mr Govindacharya told reporters here yesterday that Mr Rao could not achieve anything for the country but United States was given a free passage into the Indian market.

Mr Rao's discussions during his week-long visit to the United States are expected to lead to an investment flow of \$25-30 billions into India in the next two to three years, UNI adds from Washington.

Senior officials who accompanied the Prime Minister told reporters that much of the investment would be in the infrastructure sector, with emphasis on power and energy. The U.S. companies' interest was evident from the number of Indo-U.S. joint ventures being established

in the areas of electronics, telecom, software development, food processing, oil and hydrocarbons, besides power, it was observed.

Seven mega-power projects are reportedly on the anvil, including Dhabol in Maharashtra, for which the leading U.S. power and gas concern, Enron, has formed a consortium along with General Electric and Bechtel. Other projects being considered include two each in Karnataka and Tamil Nadu, one in Orissa and another in Bawana, Uttar Pradesh, which is supplying power to Delhi. Investment in each of these projects would be to the tune of \$2-2.5 billions, reports said.

India's new telecom policy, announced on the eve of Mr Rao's visit, has also spurred considerable interest among the U.S. companies. Major telecom concerns such as U.S. West and AT and T are believed to have evinced interest in entering India.

The U.S. Commerce Department, in a "White Paper," has listed India as one of the 10 major "emerging markets."

Meanwhile, Associated Chambers of Commerce and Industry president, Mr G.H. Singhania, a member of the 21-member high level business team which accompanied the Prime Minister to the USA, said the significance of the visit in Mr Rao's success in creating a congenial business climate for the United States to trade and invest more in India, despite "differences in political perception."

Speech to Congress Praised

94AS0315B Bombay THE TIMES OF INDIA
in English 20 May 94 p 12

[Editorial: "Fine Performance"]

[Text] In a speech before the U.S. Congress which will probably be rated as one of the best he has ever delivered, Mr Narasimha Rao clearly and unambiguously outlined India's position on all major issues of the day and set at rest much of the fears about New Delhi's capitulation to American pressure that were expressed before he went abroad. What was remarkable about his address was not only the confidence and muted irony which characterised it, but also the convincing, but not aggressive, manner in which he emphasised some of his points. In doing so, he even managed to secure the high ground, as it were, for the force in his presentation came from logic and not from the tone of the delivery. On the crucial question of nuclear proliferation, for instance, on which the Americans have been quite uninhibitedly trying to make India accept their line, Mr Rao stressed the need to eliminate nuclear weapons universally and not locally. If the U.S., he hinted, was interested in undertaking this task, India was ready to co-operate, as it has been doing in the matter of banning nuclear tests and stopping the production of fissile material. But since "every nation, large or small, rich or poor, is sovereign and possesses an inherent right and responsibility to its people to ensure their security," it cannot be expected to

follow the American prescription for its defence preparedness. The reference to the story on Gandhi in Mr Al Gore's book was like the icing on the cake in this context. Just as the Mahatma deprived himself of sugar before he could acquire the moral right to advise another person to do the same, those who are too free with their advice on nuclear weapons should look at their own arsenals first.

Equally telling was Mr Rao's reference to Abraham Lincoln's speech about national unity and the U.S. Supreme Court's verdict on the accession of Texas. Once again, in his distinctive style, the Prime Minister was asking the Americans to look at their own history before berating another large and pluralistic country about the supposed alienation of the people in some of its parts. But the silver thread that ran through his speech was the repeated emphasis on India as a democracy. It was the intrinsic and, in some respects, immeasurable value of this cherished ideal which should matter, he was saying, even above economic success or military prowess. The fact that India was engaged in the stupendous task of transforming its economy while maintaining its democratic institutions placed it in a position above all others. Mr Rao did not have to mention China or the Asian "tigers." The hint was obvious. India's experiment has no parallel either in the magnitude of the endeavour or the social and political conditions in which it is being conducted. Being a democracy, it is America's task to understand and appreciate this, not India's. The prolonged applause which greeted his speech showed that his message did find a receptive audience. In essence, what Mr Rao wanted to convey, and did so admirably, was that, as the world's largest democracy and the "single largest free market" of the next century, India had nothing to be apologetic about.

Success of Visit

94IS0315C Bombay THE TIMES OF INDIA
in English 20 May 94 p 16

[Editorial: "Fruitful Visit"]

[Text] Like his other foreign tours, Mr Narasimha Rao's visit to the U.S. has also proved to be a successful one, in fact more successful than most people could have thought possible only a week ago. There is little doubt that the visit has cleared much of the earlier misconceptions about American pressure and Indian capitulation, and helped to re-establish Indo-U.S. ties on a firmer and more mature footing. It may be premature to speak about the beginning of a new partnership between the two countries, as the joint statement issued by Mr Clinton and Mr Narasimha Rao has done. Given the acknowledged differences on nuclear proliferation, Kashmir and human rights, neither Washington nor New Delhi can expect such a partnership to be free of trouble. But, as Mr Clinton pointed out during Thursday's press conference, being friends does not mean that the two have to agree on everything. What they have apparently decided to agree on is to respect one another's perceptions on the issues on which they differ, and not regard them as part of a sinister conspiracy. In this

context, Mr Clinton's articulation of the American desire to ensure that fewer countries attained nuclear status at a time when efforts are being made to reduce the nuclear arsenal of all, "including our own," carries much greater conviction than the earlier peremptory American insistence on adherence to the NPT [Nonproliferation Treaty] and the acceptance of intrusive inspection which divided the world between a few responsible powers, on one side, and the remaining intransigent ones, on the other.

But while clarifying their position, the Americans may have also realised that the security concerns of all countries are not the same, and that some have more reasons to be wary than others. The reiteration in the Washington statement of the need to abide by the Shimla agreement to resolve Indo-Pakistani differences is welcome in this respect. For a start, it means that any attempt by Islamabad to raise the issue at international forums will not receive much American support. As India has always maintained, the bilateral framework envisaged by the agreement remains the only viable means of resolving contentious disputes. Although the U.S. believes that Pakistan no longer extends material support to the Kashmiri militants, Mr Clinton's belief that some private parties may be doing so suggests that Pakistan will remain under some pressure on this count. As may be expected, while political differences have remained as wide as before, it is in the field of economic collaboration that definite gains have been made. The expectation in India is that, as the business ties between the two countries are strengthened, they will create an atmosphere of goodwill which will pave the way for reducing the tension and ill-will in other fields. Indeed, this was precisely the reason why Mr Narasimha Rao ignored pleas from both the left and the right-wing opposition to call off his trip, and he has proved that he made a wise decision. Apart from initiating greater interaction in the economic field, personal rapport between the two leaders may also help to avoid the kind of bitterness that vitiated Indo-U.S. ties in the recent past.

Outcome of Rao Visit to Washington Assessed

94IS03284 Bombay THE TIMES OF INDIA
in English 3 Jun 94 p 12

[Article by M. Rasgotra: "Future of Indo-U.S. Ties, The Signs Are Not Discouraging", names as published]

[Text] Salesmanship at the summit level is not an uncommon feature of modern diplomacy. The Prime Minister, Mr Narasimha Rao, did a good job of it during his recent American tour. But the prevailing euphoria about the visit's economic gains is unwarranted: American dollars and high technology are simply not going to pour into India and wipe its poverty away by the year 2000.

A careful examination of China's case should induce some realism in our expectations of American bounty. Out of a total investment of around \$100 billion in South

China's special economic zones over a period of 15 years, only a little over \$10 billion came from the U.S. And that too largely from the U.S.'s Chinese residents.

The mayor of Shenzhen, the boom town of China's economic liberalisation, told me a year ago that with all the foreign investment of recent years from Hong Kong, Taiwan and Japan, the U.S. and Europe, little of high-tech description had come to Shenzhen. A close study of the investment pattern in South China further reveals that with the exception of some long-term money in the real estate sector, foreign investment is mostly in the processing industry, a value-adding activity which can be shifted out quickly.

Alluring Portrayal

This is not to belittle the future potential of India-U.S. economic relations or to deny the Prime Minister credit for his alluring portrayal of the world's single, largest free market of the 21st century. It is not improbable that the free market of India, an English-speaking country with an open, democratic society, a large middle class, a dynamic entrepreneurial elite and a vast pool of technoscientific personnel and skilled labour, will offer greater attraction for foreign capital than China.

But there is no abundance of surplus capital in the U.S. and there are competing demands for it in many quarters. The inhibition of numerous policy constraints on the transfer of advanced technologies to countries like India should also be reckoned with. India must, therefore, continue to cultivate the European Union and Japan, as parallel sources of capital and technology inputs and as trading partners. China's experience indicates the need for an all-out effort to mobilise Nonresident Indians (NRIs) as a preferred source of frontier technologies and capital needed by India.

The Prime Minister's Washington visit has already yielded tangible gains in the political field. Washington's perception of India had been deteriorating since 1991. The U.S. ambassador, Mr Thomas Pickering, came to Delhi with the conviction that the Shimla agreement had outlived its utility and new approaches were needed to resolve the Kashmir problem. There followed a quiet encouragement of the old discredited idea of an independent Kashmir; and, in due course, the All Parties Hurriyat Conference took birth on American soil and the human rights issue was raised to browbeat India into a confused retreat from Kashmir.

Kashmir is not a human rights issue: it is a patent case of proxy war, insurgency and terrorism perpetrated by Pakistan and India must deal with it the best it can. Human rights are basic to democratic governance and as such they cannot be an issue between two democracies. The two countries have much to learn from each other's experience in this field. In fact, they should be working closely together for the propagation of democratic practices and protection of human rights worldwide.

Renewed Meddling

The opposition voiced in our media and political circles to the very idea of a prime ministerial visit to Washington was in the cold war mode. So also was the renewed American meddling in Kashmir and the poorly concealed effort to promote a linkage of sorts between Kashmir, Pakistan's Islamic bomb and India's nuclear capability. The cold war ended some time ago. It was time to end the distortions introduced by its block politics in the mutual perceptions of New Delhi and Washington. That, I believe, was the Prime Minister's main objective in going to Washington: he timed his visit well and succeeded admirably.

His initiative has helped to restore caution and detachment in the Clinton administration's outlook and utterances on Kashmir—a vital question of India's security, integrity and secular polity. The reiteration of America's respect for the Shimla agreement and support for bilaterally negotiated solutions for India-Pakistan problems also augurs well for the future.

In a formal address to the Asia Society on the eve of the Prime Minister's visit, the chairman of the House foreign affairs committee, Mr Lee Hamilton, who wields great authority and influence in the Clinton administration on foreign policy matters, advanced a new American approach to the Kashmir problem. U.N. resolutions, he said, had been overtaken by history and the line of control dividing Kashmir had taken on the attributes of an international border. He advocated recognition of the line of control as the border as the only realistic solution. This pragmatic approach marks a departure from earlier American positions varying from support for Pakistan to the advocacy of an independent Kashmir. This is perhaps the only practical approach to a peaceful solution. It is not in accord with India's official position, but it is important to remember that something on these lines was, indeed, in the minds of the negotiators of the Shimla agreement in 1972.

The differences between the two countries persist on Nonproliferation Treaty (NPT), intellectual property rights and the question of expansion of the U.N. Security Council's permanent membership. In regard to intellectual property rights, the U.S. position is not entirely without justification and we should work for mutual accommodation through bilateral negotiations.

India's nuclear option is, in the context of its surroundings, a vital matter of security. In this regard India has reason to feel gratified at President Clinton's assurance of May 19 that any Indo-American dialogue on the subject would be in the context of what is pivotal for India's security. The continuing co-operation on other nuclear matters, e.g., comprehensive test ban, cut-off and control of fissionable material, and a phased and realistic programme for the elimination of all weapons of mass destruction may, in due course, help narrow differences on the main issue. Pakistan's Islamic bomb, its capping or roll-back, are matters between Pakistan and

the U.S. It would be unwise and unrewarding for Washington to use Pakistan's nuclear capability as a lever to pressurise India to give up its nuclear option.

Exaggerated Concerns

The United States' concerns about India's ballistic missiles—especially Prithvi—are exaggerated. Eight thousand or more such missiles are already in service in 30 countries. There is no Indian plan to mount nuclear warheads on Prithvi. It is an effective and comparatively inexpensive conventional weapon of indigenous manufacture. Its further development has to be considered solely in the context of India's security needs. But it should be possible to allay American misgivings through candid consultations.

India and the United States are at a turning point in their relations. I am reminded of Indira Gandhi's visit to Washington in July 1982, at a time of wide divergence in the two countries' policies on several important matters, e.g., Afghanistan, the nuclear arms race and North-South issues. But the interaction at the top was good and from that goodwill visit, following an embittered interval of 11 years, emerged a new era of friendship and mutual regard, enhanced commercial exchanges and a start in high-level scientific and technological co-operation. Differences were not narrowed; they were simply set aside and were taken care of by history and time. Something similar may well have occurred last month in Washington where, too, chemistry at the top was, from all accounts, excellent.

Concern Over U.S. Supply of F-16s to Pakistan

94150317A Bombay THE TIMES OF INDIA
in English 21 May 94 p 11

[Article: "F-16s Will Tilt Balance: Experts"]

[Text] New Delhi, May 20 (UNI)—The supply of an additional 71 F-16 aircraft to Pakistan would "certainly tilt the military balance against India" and force the Indian air force [IAF] to take countermeasures, defence experts said here yesterday.

Commenting on the oft-repeated statement from Washington that F-16s were being supplied to Pakistan to cap its nuclear programme and that these would not tilt the balance against India, the experts said "the F-16s would have a force multiplier effect and is causing great concern to IAF."

The Pakistani air force has received 40 F-16 aircraft between 1983 and 1986. It will now receive 38 such fighters now and the remaining 33 will be delivered in the second batch. India is concerned about it as the MiG-29s with the IAF are only interceptors while the Mirage 2000, a multi-role aircraft, is somewhat inferior to the F-16, the experts said.

Citing other reasons, experts said Pakistan has already got 40 aircraft earlier and of these 28 are F-16A fighter aircraft and the remaining F-16B two-seat trainers. No air force in the world has such a ratio of trainer jets.

In fact, Pakistan got these two-seat aircraft to train a large number of pilots keeping in mind that they would add another 100 F-16s later on. Besides, Pakistan air force pilots have been flying the F-16s with the Turkish air force under an exchange programme, experts point out.

With these trained pilots, Pakistan will be able to induct the F-16s in a week's time, while the IAF would need about two years to make any new aircraft fully operational.

In comparison, India's purchase of 40 Mirage 2000, for example included four trainers only, which is two per combat squadron, and normally considered quite adequate.

The experts pointed out that certainly Pakistan intended to be prepared for the induction of a much larger number of F-16s, and figures upto 100 additional aircraft were being mentioned. This was probably a requirement with the hope that the United States would oblige with sufficient funds.

The experts also referred to a book *Fiza'ya*, the psyche of the Pakistani air force, written by the noted aviation writer, Mr Pushpinder Singh, which said Pakistan had steadily refused the reduced performance version of F-16s offered by the United States.

The book says "Pakistan also refused to take anything other than the ALR-69 ESM [electric support measure] system as against the American offer of the less advanced ALR-46. Because now the U.S. equally needed Pakistan, Washington decided India's sensitivities were less important than blocking the Soviets in Afghanistan, and Pakistan got the standard F-16 version."

Pakistan in 1981 determined that it would at all costs obtain more aircraft and wanted to have the pilots ready and trained. Twelve trainers can comfortably sustain a six-squadron force of 72 single-seaters.

Besides, the Pakistan air force flew more than 500 missions with F-16s during the Afghan war and large number of interceptions were made with the Soviet airforce planes during which two Soviet fighters—a MiG-23 and a SU-25—were shot down.

CPI Statement Warns Against U.S. 'Trap'

94150316A Calcutta THE SUNDAY STATESMAN
in English 22 May 94 p 6

[Article: "CPI Warns Centre of U.S. 'Trap'"]

[Text] New Delhi, May 21.—The Communist Party of India [CPI] today warned that the Government should not fall into what it called the "trap which the U.S. Administration is setting up for it, of drawing India into the global strategic plan of U.S. imperialism."

In a statement issued here today, the CPI national executive warned that any military cooperation between

Washington and New Delhi, would "seriously jeopardize India's sovereignty and this cannot be accepted by the Indian people."

The party said that there was no consensus on the new economic policy being pursued by the Centre, as claimed by the Prime Minister. Mr P.V. Narasimha Rao, during his recent visit to the United States.

It said that the signing of the GATT [General Agreement on Tariffs and Trade] treaty is opposed by the entire Opposition, including the BJP [Bharatiya Janata Party].

Commenting on the reported decision about increased Indo-U.S. military cooperation, the CPI said that the highest commitment of such a cooperation was that the United States would act as the gendarme in South-East, South and West Asia, which is something abhorrent to the Indian people.

Premier Hails Ties to Russia, China, U.S.

94400456/ Mr. V. V. SOLOVYEV, UREMYA in Russian
No. 78, Jan. 94, (cont'd) (No. 2) Jan. 94, pp. 26-27

[Interview with Indian Prime Minister Narasimha Rao by Professor Aleksandra Chicherova, doctor of historical sciences, pfr., and date not given. "Challenge of the Third Millennium"]

[Facts] Delhi-Moscow—[Chicherova] Eighteen months have elapsed since the visit to your country of Boris Yeltsin, president of the Russian Federation. What positive changes have occurred in this time in Russian-Indian relations?

[Narasimha Rao] India and Russia are two great states, each of which has its own long history and original cultural traditions. We have today become closer to one another on the basis of a common commitment to democratic values and political pluralism. The interaction of our economies, which are now based on the laws of the free market, affords immense prospects for the prosperity of both countries.

I am sure that, displaying good will, we are capable of resolving the problems bequeathed by the past and of laying foundations for the future. The agreement on cooperation signed in January of last year in Delhi was a powerful boost to the development of mutually beneficial contacts in the most diverse fields, including trade, science and technology, culture, health care.

[Chicherova] Are Russian-Indian relations influencing, in your view, international relations at the global level or are they confined merely to a bilateral framework?

[Narasimha Rao] We should evaluate our relations by going beyond the framework of their exclusively specific content. It is by cooperating with one another that our countries have achieved a great deal, and these successes are undoubtedly exerting a salutary influence on international relations. Both Russia and India set themselves highly humane goals (democracy, peaceful coexistence, disarmament, noninterference in internal affairs). Such a

moral position cannot fail to evoke a positive response throughout the world. The two states serve as a beacon, as it were, for many countries and peoples.

[Chicherova] How do you, Mr. Prime Minister, evaluate the level of India's relations with other great powers, primarily China and the United States?

[Narasimha Rao] We have over recent years made definite progress in relations with our great neighbor—China. We started small, with an exchange of scientists engaged in nontraditional medicine, the development of border trade. Then we switched to the resolution of more serious problems, concerning the border primarily. The main thing that we have achieved are the changes in the atmosphere of the negotiations and their terms themselves, from aggravated emotions to benevolence in the negotiating process. During my recent visit to the PRC, we concluded an agreement on measures aimed at strengthening peace and stability along the line of the border. This is an outstanding achievement. Political dialogue at a high level between India and China has extended also to problems of international and regional development of mutual interest. All this has introduced a degree of stability to our relations, although we should not deceive ourselves. A thorny path of search for mutual understanding lies ahead of the two great states.

As far as relations with the United States are concerned, they have always been diverse, but complex.

The United States is today India's biggest trading partner and also the greatest source of direct foreign capital investments. Auspicious cooperation is observed in the field of high technology and in the implementation of scientific programs and projects in the field of culture, education, medical research.... We have a large Indian community in America, which serves as a kind of bridge for the establishment of mutually beneficial contacts.

Of course, the world's largest and the world's most developed democracies cleave to different viewpoints on many issues. We aspire to a narrowing of our differences without sacrificing our own fundamental interests here, of course.

[Chicherova] The idea of the possibility of the formation of a new international configuration, a new "triangle" (India-China-Russia), which could contribute original features to the structure of international relations not only in Asia but throughout the world, has been running through certain articles by well-known political scientists as of late. Could you, Your Excellency, comment on such opinions?

[Narasimha Rao] No "triangle" has actually been created as yet. And is there a need for the creation in the world of one further cumbersome geometric figure? The discussion should, in my view, be on a different plane. It is important to engage the tremendous potential of three very great states of the world and ensure that the voice of these Asian giants (China, Russia, and India) sound convincingly (and in unison) for the good of world civilization.

[Chicherova] Permit me to ask a question concerning your political career. How did you get into politics? What do you consider the highest achievement of your political activity? Where have you sustained defeats?

[Narasimha Rao] I have been participating in political life for more than 40 years, since my school days. I worked in the government of the state of Andhra Pradesh and was its chief minister and have held various positions in the Government of India. Today I am prime minister of the country and also chairman of the ruling party—the Indian National Congress (I). Under me the Indian National Congress has recovered from the tragic loss of two outstanding party leaders—Indira Gandhi and Rajiv Gandhi. I am proud to have been their associate and to have learned from these outstanding leaders the subtleties of political struggle. The highest achievement of my political activity are the economic reforms and liberalization, the new social policy, and the steps aimed at strengthening legality and order. I look to the future with optimism. Our policy will, I am sure, help India worthily accept the challenge of the third millennium.

[Chicherova] We recently commemorated the 104th anniversary of the birth of Jawaharlal Nehru and the 70th anniversary of the birth of Indira Gandhi. Some people in India maintain that together with the departure from life of these two political giants their ideas should recede into history, also, and that the country needs a fresh view of the world and new constructive ideas that correspond to the modern world. Do you, Mr. Prime Minister, share these approaches?

[Narasimha Rao] No. The ideas of J. Nehru have inspired the activity of many governments of India; my administration included. The whole point is how to implement them in practice. After all, an entirely different situation from the start of the 1950's, when Pandit-J (Nehru—A Ch.) formulated his ideas and gave us extraordinarily valuable instructions, has taken shape now. J. Nehru's concept of the need for a strong public sector in the economy was extremely fruitful in its time. Thanks to this, India became one of the world's powerful economic giants. Now both the situation within the country and the geopolitical situation have changed drastically, and the possibility of boosting private enterprise has emerged. But this is not a revision of the teaching of Pandit-J. For he anticipated back in the 1950's the possibility of such a course of subsequent development. It is simply that at that time this was premature and that today we have an auspicious moment for this.

[Chicherova] What would you care to say to the leaders of Russia and all Russians, who value highly and respect Jawaharlal Nehru?

[Narasimha Rao] J. Nehru's visit to the USSR in 1955 was a turning point in our countries' relations. The leaders of India and the USSR recognized full well that each of our countries has its own socioeconomic and political system. But that this should not be an obstacle

to our cooperation. And it has for four decades borne splendid fruit in the economy, science, and technology. I hope that mutually beneficial cooperation will continue to develop.

Rao Views Upcoming Moscow Visit

944Q0452Z Moscow NEZAVISIMAYA GAZETA
in Russian 29 Jun 94 pp 1, 4

["Exclusive" interview with Narasimha Rao by Aleksey Solodov, place and date not given: "India Aspires To Revitalize Traditional Ties to Russia. The Visit to the Russian Federation of its Prime Minister, Narasimha Rao, Should Serve To Achieve This"]

[Text] [Solodov] Your Excellency, it is officially stated that India's policy is geared to the creation of the conditions for the preservation and expansion of relations with Russia. What is meant by these conditions? How do you see the future of Indian-Russian relations?

[Rao] Important changes have occurred in recent years in your country and in the international arena. We have had to respond to the new realities pragmatically, creatively, and imaginatively. We recognize the need to adapt to particular changes.

Adapting to some things has been easy. In the past our relations were presented as a model of mutually profitable cooperation between countries with different social and political systems. Now we can interact as countries that are close in the spirit of democracy. Adapting to other things has not been that easy. This applies particularly to our trade and economic cooperation, which has suffered in the transitional period. Thanks to the joint efforts that have been made since the time of President Yeltsin's visit to India last year, these difficulties are being surmounted successfully by way of the creation of new conditions and structures aimed at the furtherance of the development of mutually profitable cooperation. I am sure that my upcoming visit to Russia will contribute to a further strengthening of this process and will serve as a fresh impetus imparting new content and dynamism to our bilateral cooperation in various fields.

[Solodov] A successful form of cooperation with Russia at international forums was formulated in the course of the recent ESCAP [Economic and Social Commission for Asia and the Pacific] session in Delhi; it would seem. Where might a similar gambit be applied in the near future?

[Rao] Our countries have a long history of close cooperation at international forums. It is a natural consequence of the close proximity or identity even of our interests and concerns. The Russian Federation's more active involvement in ESCAP activity would be a highly positive factor.

Russia has a wealth of experience in many fields of science and technology, which could be used for the development of the region. An agreement was signed this April between the Asia-Pacific Center for Technology Transfer and the Russian Agency for International

Cooperation and Development. This will serve to further strengthen cooperation between the Russian Federation and countries of the Asia-Pacific region in the field of science and technology.

[Solodov] A year ago the world community was agitated by the racket surrounding supplies to India of Russian cryogenic engines and technology for the manufacture of rockets intended for peaceful space research. What is the present situation in this sphere? Is it true that within two years India will be in a position to create its own cryogenic engines or did the announcement in this connection have mainly political underpinnings?

[Rao] At the start of 1991 the Indian Space Research Organization signed an agreement with Glavkosmos on the sale of cryogenic engines and the corresponding technology, which would have enabled us to launch satellites into geostationary orbit. We had other offers at that time also. But we stopped at the most competitive of them, proceeding from technical-economic considerations. We could also at that time have decided not to resort to cooperation with other countries and to have begun the development of these engines independently. But this would have required large expenditure and would have taken longer.

India has quite a well-developed space research program. We have become the fifth country capable independently not only of creating but also of launching satellites. The successful launch last month of a space-launch vehicle of increased capacity was yet further testimony to the level of our own possibilities and to India's confidence in the possibility of their further development. Geostationary satellites are necessary for our socioeconomic development. They are used in the sphere of education, communications, the monitoring of the environment, meteorology, and the use of natural resources and in certain other spheres. We cannot allow our program to become a hostage to some outside circumstances. I truly do not understand the reasons for such a racket surrounding our agreement with Russia as was raised last year. Some 18 months after the parties' signatures had been appended to it, incidentally. It is well known that the cryogenic engines have no military application. In any event, this topic is now in the past. Amendments were made to the 1991 agreement last December, and this revised document took effect after it had been approved by the governments of India and Russia earlier this year. I am sure that the revised agreement will be observed in full.

[Solodov] Announcements concerning Russian-Indian military cooperation appear in the Russian press from time to time. How do you evaluate its present status? What are the prospects of trilateral Russian-Indian-Malaysian cooperation in the field of the maintenance of MiG-29 aircraft and pilot training?

[Rao] We had good traditions of cooperation in the defense sphere, which were equally beneficial to both parties. On account of a whole number of circumstances, interruptions were observed in this cooperation for approximately two years. They did not correspond to our

countries' interests. During last year's visit to India by President Yeltsin we agreed on particular approaches to the joint adoption of measures aimed at the restoration of predictability and stability in our cooperation in the defense sphere for the long term. And I am pleased to announce that these joint efforts have already produced certain positive results. Further steps to consolidate the results that have been achieved are being taken.

A recent event, for example, was the agreement on the creation of a Russian-Indian joint venture for the maintenance, service, and supply of spares to military aircraft of Russian manufacture used both in India and in Third World countries. There are good prospects for the realization in this way of joint plans of trilateral cooperation with other states. Malaysia included.

[Solodov] Like Russia, India is undertaking economic reforms under the conditions of the changed world situation. Please explain the term "reorientation of the strategy of India's socioeconomic development," which represented the basis of your concept, and what is meant by the "middle way" of socioeconomic development?

[Rao] Our strategy of socioeconomic development adopted in the 1950's put the emphasis on self-sufficiency. This was natural inasmuch as we aspired to strengthen our political independence by way of our increased economic independence. Via, specifically, the creation of a developed industrial infrastructure. We were successful to a considerable extent in this sphere and, as a result, gained assurance as to the need to move in the direction of market-oriented reforms aimed at making our economy more competitive on a global scale.

When I speak about the middle way, I refer to the need for a balance of the economic and social aspects of development to be observed. The best way of ensuring the success of the economic reforms is recognition that the continuous growth of production requires stability in society, the basis of which are social justice and the participation in the reforms of all strata of society.

With such a politically pluralist system as we have, criticism of government policy is nothing unusual. But no one can dispute the fact that the reforms that we began two years ago have already imparted a new sense of direction and dynamism to the Indian economy.

The soundness and efficiency of the reforms that are being undertaken are attested by the results: the increased rate of production, a sharp leap forward in the expansion of exports, the influx of foreign investments, and so forth. These reforms at present enjoy broad support in India and are irreversible.

[Solodov] Your country is a founder and leader of the Nonaligned Movement [NAM]. Does it now no longer exist or has it assumed new forms?

[Rao] The failure to understand that the NAM retains its significance usually ensues from the mistaken assumption that it was based on the principle of equidistance from or neutrality in regard to the mutually opposed

military and ideological blocs. Its fundamental principles, including the freedom to pursue an independent policy, remain in effect in today's multipolar world also. There is nothing surprising, therefore, in such major countries as China and Germany recently having affiliated with the NAM as observers or guests. Interest in guest status has been manifested by Russia also.

International relations represent an intricate network of relationships at the bilateral, regional, and global levels. The existence of regional groupings does not contradict the existence of wider forums such as the NAM. I am sure that the SAARC—the South Asian Association for Regional Cooperation—has potential in the business of a strengthening of cooperation between countries of South Asia.

Cooperation between Indian Ocean countries could be mutually beneficial also. We would welcome it inasmuch as India has a coastline more than 7,600 km long, an exclusive economic zone with an area of 2 million square km, the status of first investor in exploration of the coastal shelf, nonvoting status in the Antarctic Treaty system, and so forth.

[Solodov] A new spiral of tension in the Kashmir region was recorded recently. Some news media are employing the term "nuclear race," meaning that the unresolved Kashmir problem is forcing India and Pakistan to intensively develop nuclear technology, which could be used for the manufacture of an atomic bomb also. What paths do you see in this connection in a possible settlement of the Kashmir problem and of relations with Pakistan?

[Rao] The state of Jammu and Kashmir joined India and became an integral part of it in 1947 as a result of a legitimate constitutional process. The problems that have arisen in this Indian state as of late have been a consequence of terrorist acts and subversive operations, which are being actively inspired from abroad. An effective end to such actions could facilitate a normalization of the situation.

India is not involved in a nuclear race with either Pakistan or with any other country. Our nuclear program is of an exclusively peaceful nature. We were the second country in Asia after the former Soviet Union to commission our own nuclear reactor. Our approach to the nonproliferation of nuclear and missile weapons is unparalleled.

We remain consistent supporters of a solution of our disagreements with Pakistan by way of bilateral consultations within the framework of the agreement that was concluded between our countries at the highest level in Shimla in 1972. It is in both countries' interests to have friendly mutually profitable relations of cooperation based on a commitment to the five principles of peaceful coexistence or what we call "Panch Shila."

The improvement of relations with China, which is important and which has brought us great satisfaction,

also shows that the conclusive settlement of all contradictions is not a prior condition for the formulation of measures for the establishment of good-neighbor relations.

[Solodov] You are the first prime minister to come from the south of India. Previously this office had traditionally been held by representatives of the political elite of the north. Does this mean that an era of a new political elite has begun in India?

[Rao] The main significance is that the birthplace of its prime minister plays no part in today's India. In the bosom of our dynamic pluralist democracy people from all parts of India occupy high positions at various levels in parliament, in the government, and in the administrative structures. Nonetheless, they are all primarily and above all Indians, and this outweighs all other considerations. The fact that I come from Andhra Pradesh has absolutely no bearing on the fact that I occupy the office of prime minister of India.

Bilateral Trade To Double With Russia

94AS0330A Bombay THE TIMES OF INDIA
in English 4 Jun 94 p 17

[Text] New Delhi, June 3—India and Russia plan to increase economic co-operation and set a target to double the bilateral trade to a level of Rs [Rupees] 5,000 crores annually.

On the inaugural day of the five-day meeting of the Indo-Russian joint commission here today, the Russian side assured it would try to further rationalise import duties to facilitate speedy imports from India.

The co-chairmen of the commission, the commerce minister, Mr Pranab Mukherjee, and Russia's deputy prime minister, Mr Yuriy F. Yarov, were present at the meeting.

Mr Mukherjee said there had been an estimated 38 percent increase in India's exports to, and a 55 percent increase in India's imports from the Commonwealth of Independent States [CIS] and the level of trade between India and Russia was of the same order.

Between April 1993 and February 1994, the total trade turnover with the former USSR was around Rs 2,504 crores, consisting of exports of Rs 1,776 crores and imports of Rs 728 crores.

Emphasising the importance in the medium term of exports from India on the debt repayment track, Mr Mukherjee recalled that the complex issue of debt payment had been amicably resolved during President Yeltsin's visit last year. He stressed the need for efforts on both sides to use the debt funds amounting to Rs 3,000 crores annually in the best interests of both countries.

He appreciated the Russian government's decision to provide 180 day Rouble cover for Russian importers for use of debt funds.

The Russian leader, Mr Yarov, wanted the supportive role of the two governments to be increased to facilitate economic cooperation between the two countries. Russia also wanted increase in joint ventures between the two countries.

Joint Statement Issued on Sharma's Bulgarian Visit

94AS0327A Calcutta *THE SUNDAY STATESMAN*
in English 29 May 94 p 6

[Text] Sofia, May 28—India and Bulgaria, meeting for the first time at the highest level since the dramatic developments in eastern Europe, today said democracy and economic reforms created favourable conditions for the strengthening of traditionally friendly ties and economic cooperation, report PTI [Press Trust of India] and UNI [United News of India].

In a joint statement issued at the end of Dr Shankar Dayal Sharma's visit to Bulgaria, the two countries expressed the need to coordinate efforts to fight organized crime and international terrorism as well as expand bilateral ties in the sphere of environment and sustainable use of natural resources.

The two countries agreed to encourage bilateral economic, commercial, industrial, scientific and technological cooperation on the principles of equality, mutual benefit and favoured nation treatment.

During the discussions between Dr Sharma and the President of the Bulgarian Republic, Dr Zhelyu Zhelev, the two sides exchanged views on a broad range of bilateral and international issues.

The statement said: "They noted with satisfaction the proximity of views and foreign policy approaches of the two countries in respect to the development of bilateral relations as well as on a range of aspects of the international situation."

It said the two sides expressed interest and readiness to encourage further development of multi-faceted Indo-Bulgarian cooperation.

The talks between the two Presidents and their delegations were held in the spirit of friendship and cooperation, characteristic of the traditionally warm relations between the two countries, it added.

It noted that as many as six bilateral agreements were signed, including one on combating organized crime and international terrorism and another on the avoidance of double taxation to strengthen the legal basis of relations between the two countries.

The two sides discussed aspects of the international situation of mutual interest. They noted that on the eve of the next century, events of fundamental significance had taken place in the international arena.

During Dr Sharma's visit, agreements on the following areas were signed:

- Combating organized crime, international terrorism and illegal trafficking in narcotics and psychotropic substances;
- Avoidance of double taxation;
- Tourism cooperation;
- Quarantine and plant protection;
- Veterinary science and sanitation;
- Protocol and foreign office consultations and cooperation.

A report from Varna adds: Dr Sharma today flew to this Bulgarian tourist resort from Sofia, where he was given a ceremonial farewell.

Meanwhile, the Foreign Secretary, Mr K. Srinivasan, was admitted to an intensive care unit of a Government hospital in Sofia today following an infection, sources said.

Pacts Signed on Sharma Visit to Romania

94AS0329A Bombay *THE TIMES OF INDIA*
in English 3 Jun 94 p 13

[Names as published]

[Text] Bucharest, June 2 (PTI [Press Trust of India])—India and Romania have turned a new leaf in their relations with the signing of four accords, including one on combating international terrorism, on the last day of the president, Dr Shankar Dayal Sharma's state visit to the East European nation.

The agreement on terrorism was signed by the home minister, Mr S. B. Chavan, and his Romanian counterpart, Mr Doru Ioan Taracilla, in the presence of Dr Sharma and the Romanian President, Mr Ion Iliescu.

The agreement will help combat organised crime, illegal trafficking in narcotic drugs and illegal migration.

The agreement is likely to put pressure on anti-India elements who had shifted to other countries following the extradition treaty with Britain which had made matters worse for them.

The three other agreements signed between the two nations include one on cooperation in tourism.

India and Bulgaria signed similar pacts during the President's visit to Sofia last week.

Dr Sharma's visit to Bucharest saw the two countries diversifying and expanding their economic cooperation in the changed environment.

For Romania, Dr Sharma's visit was quite significant as it was the first by any Asian head of state since ushering in of democracy after the 1989 revolution. The agreements were signed just before the ceremonial send off to the President at the end of the state visit.

Before leaving for New Delhi, Dr Sharma said Romania's transition to a market economy and India's steady and decisive leap as one of the world's largest markets open up tremendous possibilities for cooperation between the two countries.

"I feel strongly that Romania-India relations have profound potential for the establishment of creative linkage between Europe and Asia, at this challenging and promising juncture in world history," he said. The President expressed happiness that his Romanian counterpart, Mr Ion Iliescu, has accepted his invitation to visit India.

A major highlight of the visit was the decision of Romania and India to have a meeting of the joint commission to boost trade. Bilateral trade relations had virtually collapsed in the past communist era and the decision was aimed to counter the trend.

Besides bilateral and regional issues, the focus of talks the President had with the Romanian leaders including Mr Iliescu and the prime minister, Mr Nicolas Vacaroiu, was on economic cooperation. The two sides identified electronics and managerial expertises as two areas of cooperation.

Romania also expressed its readiness for setting up petrochemical and refinery projects in India.

In the words of the minister of state for external affairs, Mr Salman Khursheed, the visit of the President to Romania and Bulgaria had proved successful. He said the visit had helped give direction to the country in dealing with Eastern Europe and had focussed on areas which will give us the "staying power" and help rediscover markets.

Rao's Enhanced Stature Noted, Upheld

94150313J Secunderabad DECCAN CHRONICLE
in English 2 Jun 94 p 8

[Article by S. Viswam: "PV (Narasimha Rao) Grows in Stature"; quotation marks as published]

[Text] It was at Tirupati that Mr Narasimha Rao can be said to have come into his own and sent the message down the ranks that he did possess the requisite leadership qualities to keep the Congress together and give it direction and guidance. It will now be a changed Narasimha Rao who will preside over the coming Congress session—not the one who was on the defensive in Surajkund, not the one who was testing the waters in Tirupati—but a strong and confident Narasimha Rao, his hold on the party total and his image never better.

Life is full of paradoxes and so is politics. A year ago, the Congress party was in disarray, its State units were demoralised, its ranks divided at all levels, and its front rank and mid-level leaders pulling in different directions. The Congress president and Prime Minister was subjected to constant sniping by dissidents on the one hand and contenders for the throne on the other. Today, the state of the Congress party has not changed materially as the outcome of the latest round of byelections shows. The party suffers from all the shortcomings and inadequacies it did a year ago and its weaknesses are as apparent today as they were last year. But there has been a remarkable change in the status, personality and authority of the Congress president and Prime Minister.

His leadership is under no challenge, and even more importantly, there is no sign of dissidence at any level in the party.

The last AICC [All India Congress Committee] session was held in Surajkund more than a year ago. Some months later, a special AICC session had been planned to be held at Amethi specifically to discuss the Panchayati Raj programmes. However, on the eve of the session, a fierce storm washed away the arrangements and rendered the holding of the session impossible. For some time, there was talk that the AICC would meet either at Amethi or somewhere else, but for one reason or the other, no session could be held. Now the air is once again thick with excitement because a session is being held in the capital early June.

Congress sessions, unlike the conventions of other parties, hold enormous interest and not only for the reason that the party heads the government at the Centre and in some States. Because the Congress was the instrument of India's Independence and has been in the privileged position of being the party of governance in India in the first four post-Independence decades, there is always a touch of class and an aura of glamour attached to the party. Even when the Congress was not in power, its sessions aroused more interest than the conventions of, say, the Janata Party, the National Front, the Janata Dal or the Lok Dal even during the time when they ran the government at the Centre. The coming AICC session should in the normal course have generated more than routine interest, if only for the reason that it is being held after two rounds of elections, the first a major exercise involving polls to the Assemblies of four important States, and the second a series of byelections, some of them with great political significance. But we see that the interest obtaining ten days before the meeting is only nominal and the overall expectations from it not very high.

In the Congress, the personality of the topmost leader has invariably been the barometer which displays abundance or lack of interest, both at the level of the party workers and of the people at large. It has been so from the days of Gandhiji, Subhas Bose, Nehru, Indira Gandhi and Rajiv Gandhi. Now, such interest as the affairs of the organisation arouse in the people stems from the personality of Mr Narasimha Rao. Till the Tirupati plenary, Mr Narasimha Rao had not established a personal or special hold over the party even though he had been first chosen, and subsequently elected, the party president. It was only at Tirupati that Mr Narasimha Rao can be said to have come into his own and sent the message down the ranks that he did possess the requisite leadership qualities to keep the Congress together and give it direction and guidance. The single decision taken by him to have elections for the Working Committee helped boost his image, confirm his authority and assert his primacy as the unquestioned leader of the party.

The post-Tirupati months brought challenges to Mr Rao from many directions. These challenges made the run-up

to the Surajkund session (March 27-28, 1993) very exciting. There were occasions when it almost seemed that the Prime Minister's position had become shaky and that his grip on the party was slipping. The destruction of the Babri structure on December 6, 1992 had weakened his authority as Prime Minister, and the eruption of inner-party dissidence and the open revolt which was being fuelled by ambitious partymen had begun to weaken his authority as Congress president. The fact that he still headed a minority government and was inhibited from taking radical decisions or embarking on bold policies did not help. Indeed, the minority character of the government tended to act as a millstone around the Prime Minister's neck, restricting his options all the time. Because of these limitations, it was only too easy for Mr Arjun Singh to inspire, and dissidents like Mr K.N. Singh, Mr Makhanlal Fotedar, Mrs Sheila Dixit and Mr Natwar Singh to echo, the slogan demanding that Mr Rao give up either the Congress presidentship or the prime ministership.

Even after Mr Narasimha Rao had survived the Surajkund challenge, his authority was not fully restored. It was generally presumed that inner-party dissidence had been only contained for the moment and would erupt again. This presumption was based on the assessment that both Mr Arjun Singh and Mr Sharad Pawar were biding their time to strike and that in the meantime they were building up their respective support bases. However, circumstances took such a turn soon after Surajkund that the prime ministerial ambitions of some top leaders in the party and the element of dissidence itself got eclipsed. It was as if all the challenges that had tormented Mr Narasimha Rao between the period June 1991 to March 1993 just faded away.

This was as much due to a fortuitous turn in the sequence of events as to the Prime Minister's astute statecraft. Though often accused of indecisiveness, drift and procrastination, the Prime Minister appeared to have set his sights clearly and to have followed a predetermined course of action, unswayed by either criticism or flattery. Thus, once he had decided to entrust the construction of the temple and mosque in Ayodhya to two independent trusts, the Prime Minister concentrated on locating the people who would man these trusts. He refused to be deflected by either Muslim or Hindu propaganda. Similarly, his decision to shift Mr Sharad Pawar to Bombay achieved more than one objective: it removed a prime ministerial aspirant from the capital, but more importantly, it brought an enormous sense of reassurance to bomb-ravaged Bombay and helped to restore his morale. The 'transfer' of Mr Pawar from Delhi to Bombay was not well received initially, but later on, not only the people of Bombay but even political pundits in New Delhi, realised that it was the ideal solution to the problem confronting Bombay and Maharashtra. Mr Pawar's absence from Delhi has provided the required time for Mr Rao to consolidate his own position. Mr Rao has also shown remarkable prescience in dealing with Mr Arjun Singh. By giving the impression that he was responsive to Mr Singh's grievances, and by

neither minimising nor exaggerating his position in the party, Mr Narasimha Rao deftly tied Mr Arjun Singh in knots. Mr Singh reached a state where any attempt on his part to criticise the state of affairs in the ruling party would be interpreted as the unfurling of the banner of revolt against the leader, while at the same time any attempt on his part to support the party president would be interpreted as a sign of weakness and surrender. Not a flattering position for any prime ministerial aspirant to be in.

But the major inputs into the accretion of Mr Rao's personal image and stature have come from other sources. Mr Rao was careful to convey the impression to the party that the dismissal of the former BJP [Bharatiya Janata Party] government had been carried out under Mr Arjun Singh's pressure. This left him room for manoeuvrability. If the Congress lost in all the States, he could wash his hands of all responsibility and pin the blame on Mr Arjun Singh. If the party made a good showing, as in the event it did, he could claim credit, as he did. Thus, all those who had banked on the BJP's return to power were enormously disappointed. These people had hoped that the BJP's success would automatically weaken the Prime Minister so much that a change of leadership at the Centre would follow. This did not happen. On the other hand, the success of the economic reforms, the good chits pouring in day after day into India from foreign investors and NRIs [Nonresident Indians] interested in investing in India and showering praises on Mr Rao's courage in opening up the economy, and the successful outcome of his visits to Germany, the United Kingdom and (recently) to the United States, helped to give a larger than life boost to Mr Rao's stature. While it has been good news all the way on the economic front, the Congress has been lucky also on the political front. Mr Rao and his managers wooed potential side-changers in the Janata Dal silently and diligently. At the same time when the Congress needed enhanced numerical support on the floor of the Lok Sabha, the managers were able to deliver not one or two new entrants but a whole pack of them. The government's minority status was overnight converted into a majority status.

It will therefore be a changed Narasimha Rao who will preside over the coming Congress session—not the one who was on the defensive in Surajkund, not the one who was testing the waters in Tirupati—but a strong and confident Narasimha Rao, his hold on the party total and his image never better. And, paradoxically, while the state of affairs in the party remains as depressing and discouraging as before, the fact that the Congress president and Prime Minister is a man walking on velvet is going to push into the background all the weaknesses of the Congress party.

Schemes To Improve Kashmiris' Situation Told
94150333A Calcutta THE SUNDAY STATESMAN
in English 5 Jun 94 p 5

[Names as published]

[Text] New Delhi, June 4—While differences continue between the two Union Ministers in the Home Department on what could be the best prescription for Kashmir, the Prime Minister's Office has staged a silent coup by quickly approving a number of schemes to ameliorate the socio-economic situation of the people.

The Prime Minister's Office Secretary, Mr K. R. Venugopal, who had earlier convened a meeting of the Secretaries on May 20, in a letter has informed Mr Rao about the schemes and the decisions that have been cleared and shortlisted.

Interestingly, things are beginning to brighten up on the Kashmir front. The pressure on the Government following the Hazratbal shrine episode has eased to a large extent and the refrain on human rights in the valley has also become very subdued.

The Pakistan Prime Minister, Mrs Benazir Bhutto's statement that independence to Kashmir was not in her country's scheme of things has given India the much-needed opening in the international fora to lay bare Pakistan's designs of territorial aggrandisement.

The ruling party which will be holding its all-India session in the coming week, has in its political resolution favoured that talks be initiated with the suspected militant groups so that normalcy returns to the valley.

A decision is likely to be taken on the larger question of the Rs [Rupees] 950 crore Annual Plan—1994-95 for the State. The Deputy Chairman of the Planning Commission and the Finance Ministry have been directed to take an early decision on the matter.

According to sources the first installment of Rs 5.17 crore under the Jawahar Rozgar Yojana has been released to 10 districts.

Other schemes to be taken up by the Ministry of Rural Development include the Employment Assurance Scheme and the Drinking Water Scheme.

The Prime Minister has also approved the extension of the revamped Public Distribution System to 23 Blocks in the Rajouri, Poonch, Baramulla.

Another important issue to be taken up is the development of the educational institutions which are currently in a state of disarray.

A request for the sanction of a Total Literacy Project for Badgam district in Jammu is also being considered.

PTI [Press Trust of India] adds from Srinagar: A four-member National Human Rights Commission led by Justice Mr Ranganath Mishra, arrived here today on a four-day visit to Jammu and Kashmir.

Meanwhile, life remained disrupted on the first day of a three-day bandh called by the outlawed Jammu and Kashmir Liberation Front against the alleged "misuse of guns by black sheep infiltrating the ranks of militants".

Madhya Pradesh: Congress' Big Victory Stuns BJP

94AS0313K Bangalore DECCAN HERALD in English
2 Jun 94 p 8

[Article by M. Hasan: "Congress' Big Win Stuns BJP"]

[Text] The ruling Congress(I) has smashed the BJP's [Bharatiya Janata Party] Rajgarh fortress and the credit goes to the Chief Minister, Mr Digvijay Singh.

Although the victory of Mr Singh from the Chachoda Assembly segment, which is a part of the Rajgarh parliamentary constituency, was a foregone conclusion, the defeat of the BJP in Rajgarh by about 1.6 lakh votes is a major jolt as that area in Madhya Bharat was considered a bastion of the RSS [Rashtriya Swayamsevak Sangh].

However, unable to face the "Digvijay Singh avalanche" it collapsed like a house of cards. The Chief Minister was quite confident about the victory of his younger brother, Mr Laxman Singh against the BJP's D.M. Jagtap from Rajgarh, but the huge margin of victory came as a surprise.

Mr Digvijay Singh himself has won by a margin on 38,894 votes. It was a tough battle for Mr Singh in the 1991 Lok Sabha election when he could wrest the Rajgarh seat from the BJP's Pyarelal Khandelwal by a margin of just 1,300 votes. The Congress could win Rajgarh seat twice in the past (1984 and 1991). It was the Jan Sang-BJP which reigned supreme in the region in all other previous elections. [sentence as published]

It was this confidence of the BJP which has received rude shock. However they are themselves to be blamed for this debacle as the BJP coterie comprising General Secretary Kushabhau Thakre, State BJP chief Lakhiram Agarwal and former chief minister Sunderal Patwa, was confident about winning in Rajgarh and they even expected a "miracle" in Chachoda.

Summing up the humiliation a senior RSS-BJP leader told **Deccan Herald** that "lack of will to win, poor quality of leadership, total neglect of local workers, dependence on outsiders and the dubious role played by Gwalior palace (Mrs Vijayraje Scindia) largely contributed to the crushing defeat of the party."

He conceded that the BJP was not expecting a victory but the huge margin of defeat had demonstrated that "the party's base in the constituency has shrunk." The detractors of Mr Patwa are now gearing up to take up the issue at next week's Baroda meeting the National Executive Council. A demand has already cropped up for a change in the State leadership. The senior BJP leader, Mrs Vijayraje Scindia's "ashirwad" has also worked to the benefit of the Congress(I).

The sources said that "there is no need of soul searching," as the factors are obvious. There is a widespread feeling among the BJP workers that the high command should immediately take an independent posture "instead of looking at the caucus for everything in MP [member of Parliament]." The future of the party will be

bleak if the central leadership failed to take corrective steps. "The present leadership has failed to galvanise the party," said the RSS leader.

While the Congress maintained a lead in all the eight Assembly segments—Rajgarh, Bioara, Khilchipur, Sironj, Narsingharh, Sarangpur, Chachoda and Raghogarh—the last two segments gave a massive jump to the party. The electorate of Raghogarh, hometown of Mr Singh, have in fact punished the BJP for denying the Chief Minister a chance to contest from this seat.

Immediately after the CLP [Congress(I) Legislature Party] election, Mr Laxman Singh vacated the Raghogarh seat for his elder brother to become an Assembly member. However, the BJP swung into action by filing a poll petition, which is still pending. Mr Digvijay Singh thus had no option but to accept the offer of Mr Shivrinarain Meena, who vacated the Chachoda seat.

During the whole campaign the BJP was more interested in stalling the Chachoda poll than in giving a serious fight to the Congress.

The Rajgarh result indicates a massive swing of Backward, Harijan and tribal votes in favour of the Congress. They were the backbone of the BJP in the past. The ruling party performed well even in urban areas like Rajgarh, Bioara and Narsingharh. The BJP was heavily banking upon these areas.

While the Chief Minister had restrained the flow of outside Congress workers to the constituency, the BJP imported workers even from Rajasthan and adjoining areas of UP. But the electorate saw in the Congress a chance for the development of their extremely backward area.

In fact, the victory is that of "Raja Saheb" as Mr Singh is popularly known. He contested Rajgarh election by proxy. The people have voted for him. "People know they can get their work done by me," the Chief Minister told *Deccan Herald* during the campaign. Moreover, it was a well-laid strategy to hold Rajgarh and Chachoda election together "so that the Congress candidate could reap the benefit of the Chief Minister's presence in the fray," conceded Mr Singh.

The total rout of the BJP is also attributed to the severe infighting in the party. The BJP coterie had taken upon itself to win the election. Mr Khandelwal, an arch enemy of Mr Thakre, was kept out of campaign. Mr Khandelwal won twice from Rajgarh and has good following. Moreover, the result has also demonstrated that the influence of Mrs Scindia has diminished.

Mr Digvijay Singh's victory will also have wider repercussions within the Congress, with the Madhavrao Scindia and Shukla camps finding themselves cornered.

RSS Chief Answers Questions From Madras Newsmen

94AS0318A *Bombay THE TIMES OF INDIA*
in English 20 May 94 p 7

[Article: "RSS Chief for Speedy Liberation of Temples"]

[Text] Madras, May 19. The RSS [Rashtriya Swayamsevak Sangh] chief, Prof Rajendra Singh, said here yesterday that if the issues related to Ayodhya, Mathura and Kashi were not settled speedily many small matters like the one over a church in Pondicherry will crop up.

Making no bones about his organisation's support for "liberating" the three places of worship, Prof Singh said if that was done, the Vishwa Hindu Parishad [VHP] would not lay claim to many other places of worship which had been desecrated by "looters and attackers." "Muslims should not consider them (the looters and attackers) representatives of their religion," he added.

Prof Singh felt that the three places should be liberated because they were "signs of slavery and injustice." And if they were removed it would give some satisfaction, he said. "As in the case of Ayodhya, our approach and thinking are similar to that of the VHP on Mathura and Kashi..."

Quoting the socialist leader, Dr Ram Manohar Lohia he said Ram (Ayodhya) represented land, Shiva (Kashi) the brain and Krishna (Mathura), the heart of the country.

Asked whether such an approach would not result in the accusation that the RSS was narrow-minded, Prof Singh said in national matters such considerations should not come in. He said that there could be no respect for Muslims or Christians who did not have any respect for Hindu deities or our national heroes.

Prof Singh in his opening remarks, said that his becoming the RSS chief did not mean any change in emphasis on issues but depending on certain circumstances or events, the emphasis could be altered. He did not agree with the view of a correspondent that the RSS had discarded its social garb and turned itself into a political instrument. He argued that his organisation taking up issues like GATT [General Agreement on Tariffs and Trade] and swadeshi which fell in the political plane were done in the larger national interest.

The RSS would expand its activities among the "vanavasis," as he prefers to call the adivasis, and the Scheduled Castes. It would counter the BSP's [Bahujan Samaj Party] campaign of calumny, try to remove confusion created by politicians on Hindutva, which he said was a unifying factor.

Asked about the RSS strategy to replace the Congress at the Centre, Prof Singh said that the party was unnecessarily inimical to his organisation having banned it thrice. He said if the Congress was not "inimical to us we will not bother about it." However, he made it clear that the BJP [Bharatiya Janata Party] was the "nearest" to his organisation at the ideological level. "We will feel very

happy if they come to power. However, there is no necessity to put all our energy to put BJP in government," he elaborated.

Prof Singh was on his way to Thiruvudagam, near Madurai to take part in a training camp of the RSS.

Kerala: CPI-M Urged To Contest Communalism

94AS0313N Madras *INDIAN EXPRESS* in English
3 Jun 94 p 10

[Article: "Feeding on Each Other"]

[Text] The outcome of the Guruvayur Assembly by-election brought about by a three-way split in the Muslim vote should give Kerala's politicians plenty of food for thought. The Indian Union Muslim League [IUM], the second largest party after the Congress in the ruling United Democratic Front [UDF] has undoubtedly suffered a major setback by losing the seat to an independent candidate supported by the Left Democratic Front [LDF]. But Chief Minister K. Karunakaran, who surprised friend and foe alike by opting for a by-election a mere six weeks after the seat was vacated, cannot be ruffled much by the result. One less seat for the UDF has little effect on its strength in the House. On the other hand, the fall-out may be positive if the tetchy IUM, which periodically uses the threat of withdrawing support to the Congress to get its way, is now compelled to be less arrogant. At the least, that should make management of the coalition somewhat easier for Karunakaran.

But at a broader level there can be no comfort for either the Communists or Karunakaran in the Guruvayur result. It confirms the message of the Ottapalam Lok Sabha by-election a few months ago about the rightward shift in Muslim politics since the demolition of the Babri Masjid as well as the emergence of the fundamentalist, Abdul Nassar Madani, in the new guise of leader of a political party after his Islamic Sevak Sangh was banned. The Guruvayur voting figures show that the beneficiary of the competition for the Muslim vote between the IUM, the newly-formed Indian Nation League (led by Ibrahim Sulaiman Sait) and Madani's Progressive Democratic Party [PDP] is clearly the latter to whom also accrued the fruit of a higher voter turn-out (compared to 1991). While the PDP played the spoiler for the IUM in Guruvayur, the LDF's unexpectedly massive victory in Ottapalam can be directly ascribed to Madani's support for the LDF candidate. In a nutshell, the trend suggests that the IUM will be under increasing pressure to try to hold on to its eroded traditional vote bank—and prevent further dissension in its own ranks—by taking a more hardline posture in the hope of denying any additional gains to the INL and more so the PDP. The IUM's response to what is a crisis of credibility will undoubtedly put new strains on its relations with the Congress.

A further disturbing feature is that the sectarian shift in Muslim politics is bound to be reinforced by the real politik of UDF and LDF coalition-making. For all that

the Congress and CPI(M) [Communist Party of India-Marxist] profess secularism and express alarm at the rise of communalism in Kerala, neither party has been particularly scrupulous about the allies it seeks among Muslim politicians. But whatever the realities of Kerala politics have been hitherto, the Congress and CPI(M) cannot shut their eyes to the prospects of communalism of one variety feeding communalism of another, and both endangering peace.

AIADMK Warned of General Election Realities

94AS0313L Bangalore *DECCAN HERALD* in English
2 Jun 94 p 8

[Text] The significance of the by-elections to the Tamil Nadu Assembly lies not so much in the victory of the ruling All-India Anna DMK [Dravida Munnetra Kazhagam] as in the utter rout of the Congress(I). Thanks to total disarray in Opposition ranks, the AIADMK [All India Anna Dravida Munnetra Kazhagam] has managed to retain both the rural Perundurai and the urban Mylapore seats, the former by a comfortable 32,000-vote margin and the latter by a mere 5,700-vote margin. By winning the two seats, besides the Ranipet Assembly and Palani Lok Sabha seats earlier in September last year, Chief Minister J. Jayalalitha has proved that her party can do without an alliance with the Congress(I). The State Congress(I), which has been clamouring for the last one year for the dismissal of the Jayalalitha Government on grounds of mounting corruption, maladministration and an alarming increase in crime rates and LTTE [Liberation Tigers of Tamil Eelam] activities has not been able to mobilise the people as is evident from the fact that it has not only lost the Palani Lok Sabha seat but could not even save its security deposits in Ranipet, Perundurai and Mylapore. Despite persistent clamour from State Congress leaders, Prime Minister P.V. Narasimha Rao has rightly refrained from disturbing the AIADMK government in the absence of tangible proof that it has lost its popular mandate.

The elections have shown that in a State dominated by two powerful regional parties, there is no political space for the Congress(I) unless it is strengthened at the grassroots level. The DMK, which is still organisationally strong despite the split last October, has taken comfort in the fact that it has given the AIADMK a run for its money and, more importantly, pushed the break-away Murumalarchi DMK of rebel leader V. Gopalaswamy to the fourth place after the Congress(I) in Mylapore. But the fledgling party has proved in Perundurai that it cannot be written off by coming second and polling more than the DMK-backed CPI [Communist Party of India] candidate who was a locally influential leader. This reinforces the belief that Mr Gopalaswamy's party may pose a major threat not only to the DMK but also the AIADMK in the rural areas, especially in the southern districts. In withholding the result for the closely fought Mylapore seat and holding an enquiry into Opposition complaints of rigging, the Election Commission has once again shown it means business. But the

irregularities have not been large enough and the victory margin narrow enough to make any difference to the outcome. The AIADMK may have proved a point now, but the general elections two years hence will be a different ball game altogether and if the present reverses suffered by the Opposition force a realignment, the ruling party will be in real trouble.

Manmohan Singh Will Meet Jayalalitha, Others

94AS0314C Madras *THE HINDU* in English 4 Jun 94 p 13

[Article: "Manmohan To Hold Talks With Jayalalitha on June 6"; quotation marks as published]

[Text] Madras, June 3. The Union Finance Minister, Dr. Manmohan Singh, will have a discussion with the Tamil Nadu Chief Minister, Ms. Jayalalitha, and other officials of the State Government during his visit to the city on June 6.

He will also meet senior officials of the Income Tax Customs and Central Excise, the chairmen of the Indian Bank and the Indian Overseas Bank besides calling on the former President, Mr. R. Venkataraman.

In the forenoon, he will inaugurate a seminar on 'Information imperatives for global competitiveness' organised by the Ranganathan Centre for Information Studies. In the evening, he will participate in another seminar on 'Strategies of Economic Reforms: Agenda for National Renaissance' arranged by United Writers Association and Frank Moraes Foundation.

Mukherjee Reports on Plan Discussion Meetings

94AS0334A Madras *THE HINDU* in English 6 Jun 94 p 13

[Text] New Delhi, June 5—The mid-term appraisal of the Eighth Five Year Plan (1992-97) would be undertaken by September this year with a view to taking stock of the achievement of the Plan up till now and setting in motion mid-course corrections, if there are any.

The Deputy Chairman of the Planning Commission, Mr. Pranab Mukherjee, said the mid-term review meeting would depend on the Prime Minister's time and when the National Development Council (NDC) meeting could be conveniently convened.

Mr. Mukherjee said of late "some sort of brain-storming discussions" were being held by the Planning Commission with economists of repute so as to elicit their views "on the role of plan and how to link it up with market-economy".

"Protecting Weaker Sections"

At these meetings efforts were also being made to know as to "how to build up the awareness of social safety net or social security and at what stage the State would intervene to protect the weaker sections of society".

Mr. Mukherjee said "all these conceptual things I am sharing with economists and am trying to get their

ideas". He also indicated that separate rounds of discussions with eminent scientists and trade and industry would be undertaken in this connection to beef up the planning process and how best to use it as an instrument to promote market-driven development with least transition trauma to a large number of people in the country.

Sources in Yojana Bhavan recalled the Prime Minister's foreword to the Eighth Plan document where he said, "We believe that the growth and development of the country cannot be left entirely to the market mechanism. The market can be expected to bring about an equilibrium between demand (backed by purchasing power) and supply. But it will not be able to ensure a balance between need and supply".

As such, planning is necessary to overcome such limitations of the market mechanism. The sources said the Eighth Plan unambiguously stipulated that in view of the need to build massive infrastructure, existence of significant number of poor and under-privileged and imbalances in the course of development, the government would have to play a role and that role would have to be "planned out".

"Govt. Responsibility"

Mr. Mukherjee and the Government would have to step in for creation of supply of essential inputs like power and creation of infrastructure where private initiative is not adequate.

Programmes for social welfare, population control, environmental protection, health and education would remain the responsibility of the Government for years to come.

The Minister said that since market was also restricted for want of infrastructure as absence of transport and communication inhibited the market and further development. As such he said planning for infrastructure was recognised in the Eighth Plan as a crucial role of the Government.

Stating that in the face of large presence of poverty the State would have to take the responsibility of social investment and raise the poor above the poverty line, Mr. Mukherjee said the role of planning and the Planning Commission would be to constantly search for ways and methods of making the least but the most effective interventions.

The essential reorientation in the planning process would require shifting the emphasis from simply expenditure-oriented activities, projects and programmes to those which try or help initiate developmental processes and activities.

For this, the Minister said, it is important to involve people in every developmental activity. Government should devote more of its attention and resources to creating conditions which organise people, motivate them and empower them.

"A Guide"

Defending the indispensability of planning even in the changed and liberalised economic scenario where market forces were being given full play, Mr. Mukherjee said planning is needed for creating social infrastructure for human development, for protecting the weak and achieving a certain degree of regional balance in growth. Planning interventions were required for "gently guiding the market for achieving some of the social goals to which market, being guided by short-run considerations, is not very sensitive".

Mr. Mukherjee said overall the performance of the economy in the first two years of the Eighth Plan, on average, was good and he hoped that the mid-term review would provide an opportunity to take stock of the situation for further consolidation of the reform process and building strength to the economy.

The Eighth Plan proposed a growth rate of 5.6 percent per annum on an average with the level of national investment proposed being Rs. 7,98,000 [as published] crores and the public sector outlay Rs. 4,34,100 crores.—PTI

SAARC Asked To Cooperate in World Trade Body

94AS0319A Bombay THE TIMES OF INDIA
in English 19 May 94 p 5

[Article: "Better Mileage Out of WTO: India Seeks SAARC Co-operation": names as published]

[Text] New Delhi, May 18 (PTI).—India today called upon the developing countries, particularly countries of the South Asian Association for Regional Co-operation [SAARC] to evolve commonality of approach to get the best mileage out of the formation of the world trade organisation [WTO], which will replace GATT [General Agreement on Tariffs and Trade] from January one, 1995.

"Time has now come for the developing countries to formulate a common strategy to ensure that the fruits of the Uruguay round of negotiations, which took seven strenuous years to complete, are not diluted," the commerce minister, Mr. Pranab Mukherjee said here.

Mr. Mukherjee was inaugurating a national seminar on the SAARC preferential trading agreement [SAPTA] organised by the FICCI [Federation of Indian Chambers of Commerce and Industry] here.

The minister cautioned the SAARC countries that the post-Uruguay scenario was "grim" in view of persistent efforts by the rich and developed countries to raise non-trade extraneous issues like human rights, environment and social clause.

Such an attitude of the developed countries had vitiated the atmosphere in the international trade, he said adding that developing countries must unite together to frustrate the efforts of the developed countries to impose non-trade issues on them.

Mr. Mukherjee said that during the Marrakesh meet on signing of the final GATT accord, "we (developing countries) pursued the objective of reduction of tariff as well as removal of non-trade barriers."

But he regretted that the spirit of multilateralism had been dampened due to raising of non-trade issues by the developed countries.

Mr. Mukherjee said even some of the developed countries were now trying to force bilateralism on developing countries on issues like intellectual property rights and added that these attempts must be resisted.

Referring to co-operation among SAARC countries during the Marrakesh meet on the final GATT accord, he said India and Pakistan had taken a joint stand on textiles. "But we achieved too little and that too, too late," he added.

On the need to further step up co-operation among the SAARC countries to boost the inter-regional trade, Mr. Mukherjee said "to make a headway in this direction we will have to divert our attention away from certain bilateral issues which now seem unsurmountable."

Mr. Mukherjee regretted that in spite of huge potential the intra-regional trade among SAARC countries was insignificant as it was less than three per cent of the region's total global trade.

Later speaking at the seminar, Mr. Y.K. Silwal, the SAARC secretary general, said that in the changing global economic scenario, regional co-operation was being widely adopted as a dynamic instrument of promoting economic growth and development.

In this context, he said the SAARC countries could not afford to lag behind and it was imperative to adopt innovative and bold policies.

Finance Official: Nation Needs No Donor Aid

94AS0331A Hyderabad DECCAN CHRONICLE
in English 4 Jun 94 p 1

[Text] New Delhi, June 3—India would not be seeking any fast disbursal assistance at its annual meeting with donors of official development assistance at Paris on June 30 and July 1, Finance Secretary, Montek Singh Ahluwalia disclosed here on Friday.

Addressing a news conference, Mr. Ahluwalia said such assistance was required in the past to meet the tight BoP (balance of payments) situation. This was no longer needed in view of the improved foreign exchange reserve position. India's foreign exchange reserves stood at 8.5 \$ billion in 1994-95, he said. [currency as published]

With the country no longer requiring fast disbursal aid to lubricate its structural adjustment and economic liberalisation programme, emphasis was changing from the quantitative aspect to the qualitative aspect of aid. The country was moving towards reducing dependence on aid, even though it could continue to require assistance to complement its developmental efforts.

Reflecting the far-reaching reform process initiated since 1991 and the progressive liberalisation of the Indian economy, the Finance Minister, Dr Manmohan Singh, has approved the suggestion of the World Bank to rename the aid India Consortium as the "India Development Forum" from this year. The change of nomenclature represents the revised context in which India views its development partners not only for supporting the development process through official aid but in the wider context of seeking foreign investment, capital inflows, joint ventures and transfer of technology.

The first meeting of the "India Development Forum" would be in two parts. In the first part the deliberations would include the traditional country statement followed by statements by the World Bank, IMF, ADB [Agricultural Development Board] and other multi-lateral organisations apart from bilateral donors and based on responses by the Indian delegation donors would indicate their aid commitments for the current year. The second part on the July 1 would take the form of an "India Investors Forum" which would foster an interaction with investment bankers, fund managers, investor community, senior representatives of the business association and credit rating agencies from all over the world focussing attention on the "problems and opportunities for private capital flows". The revised format and substance of the "India Development Forum" thus represents the complementarity between official and private flows in consonance with Government's new economic policies which are directed at greater economic liberalisation and emphasis on private sector initiative, Mr Ahluwalia said.

Mines Minister To Allow in Foreign Firms

94AS03131 Bangalore DECCAN HERALD in English
2 Jun 94 p 13

[Article: "India To Allow Foreign Firms To Mine Gold in Karnataka: Yadav"; names as published]

[Text] Toronto, June 1 (IANS)—India may soon allow foreign companies to process mountains of gold tailings in Karnataka, Mines Minister Balram Singh Yadav said here.

"These are lying like mountains and we may soon allow foreign companies to separate gold from this material," Mr Yadav said yesterday.

He said a memorandum of understanding (MoU) was being finalised between Hindustan Zinc and New Guinea, an Australian mining company, for exploration and mining of gold in Rajasthan and Karnataka.

Mr Yadav was here on a week-long visit at the invitation of the Ontario provincial government. He said Hindustan Zinc has signed an MoU with BRGM [Bureau of Geological and Mineral Research], a French mining giant, for explorations in third countries.

Their first joint project is starting in Vietnam, he added. In his address to the annual general meeting of the

Canadian Association of Mining Equipment and Services for Exports (CAMESE), Mr Yadav stressed upon the opening up of India's mining sector.

He said the national mining policy, adopted in the last session of Parliament, "has removed restrictions on foreign equity holding in joint sector ventures."

Mr Yadav said India's favourable geological settings "strongly indicate possibility for discovery of new deposits of base metals, platinum group of metals, gold, diamonds, tin, tungsten, rare earth elements, fertiliser and minerals, thereby making investment in exploration of these minerals an attractive proposition."

Mr John Baird, President of CAMESE, said many of their members are interested in exporting technology, services and goods to India.

"We can help redesigning of mines and explorations in India," Mr Baird said. He said the changes in India are important and "we want to participate as much as possible in India's mining sector."

"Recent changes are welcome signs and Canadian companies are happy that the Indian Government is inviting foreign investments in the mining sector," he said.

"We are very encouraged over recent changes in India's mining sector," said Ms Margaret Vokes, Director (South Asia) of Ontario International Corporation, a wing of the Ministry of Economic Development and Trade. She was the organiser of a forum on India's new mineral investment policy here.

The Ontario International Corporation helps Ontario suppliers of professional services and capital goods to penetrate export markets and win contracts for specific international projects.

Only 10 representatives of Canadian companies attended the investment forum. They included W.J. Mullins of Watts, Senior Geologist of Griffis and Mcquat Limited, Stan F. Kamzol, Director of Business Development of Lac Minerals Ltd., Bruce Campbell, Manager of Ontario Mining Association, R. Michael Gray, Vice-President of Phelps Dodge Corporation of Canada Ltd. and Babu Gajaria, President of Starmin Mining Ltd.

Their questions ranged from the extent of foreign equity participation allowed to the repatriation of capital, mechanism, explorations and incentives for mineral development.

"Evidence suggests existence of a potential reserve of many minerals in the Indian sub-continent," Mr Yadav told CAMESE members. He conceded exploration activities undertaken by public sector corporations in India are inadequate.

Three-Pronged Strategy To Combat Inflation Told

94AS03204 Bombay THE TIMES OF INDIA
in English 19 May 94 p 17

[Article: "Three-Pronged Strategy To Curb Inflation"]

[Text] New Delhi, May 18.—Fighting double-digit inflation has become the single most important task for the Union government. A three-pronged strategy of demand-deflation, improved supply management and an attack on hoarding and speculative activity has been evolved to beat the price line down before several states go to the polls in November. "A fourth component of our strategy is to pray for a good monsoon," jokes a senior member of the Union cabinet who has been keeping the prime minister, Mr P.V. Narasimha Rao, informed on the action being taken to tackle inflation.

It is reliably understood that differences between key economic ministries on how to deal with inflation in the prices of essential commodities had delayed early action on the supply management side. While the Union civil supplies ministry had, for instance, recommended sugar imports as early as in December 1993, the food and agricultural ministry did not support this idea for fear of depressing domestic prices and incurring the wrath of cane-growers.

Over the last month, however, the government has decided at the highest levels to launch a non-holds-barred campaign against double-digit inflation.

Apart from liberalising the import of essential commodities, the Centre has also requested state governments to take punitive action against hoarders and speculators. "However, rather than simply harass traders we have decided to increase the availability of commodities in the market so that it is no longer profitable for them to hoard," a senior cabinet minister told this paper.

He alleged that state governments were unable to deal effectively with traders since the "traders' lobby had become very powerful at the state level. Unfortunately, the lobby for consumers is not as powerful as the lobby for traders. Unless consumers become better organised, it will be difficult for the government to effectively deal with unfair trade practices," said the Union minister.

On the demand side, the slack season credit policy has tried to curtail demand through a deflationary monetary policy. While the net impact on money supply of 1 percent increase in the cash reserve ratio combined with 1 percent reduction in the statutory liquidity ratio can only be marginal, it is hoped that the overall impact of RBI's [Reserve Bank of India] monetary policy over the next six months will be to tame inflationary expectations. RBI has also tried to help with supply management in essential commodities by raising the margin for bank advances against pulses, cotton and kapas, oilseeds and vegetable oils.

Those monitoring the prices of essential commodities believe that the battle against foodgrain price inflation has been "more or less won, in the case of pulses also inflation has been contained. The key battle today is in sugar. We hope to reverse the trend in sugar prices within the next month," say senior government sources in the finance and civil supply ministries.

The Union finance ministry believes that the wholesale price index will continue to inch upwards over the next two or three months but will begin downward trend by August-September, well in time for the assembly elections. "It will take sometime for our actions to take effect, and if the monsoon is good, we can make a decisive turn for the better," says a senior finance ministry official.

"Part of the battle against inflation is to alter the state of expectations. The monsoon always plays a role in this. Also, if the government is seen to be serious about fighting inflation that also helps to discourage speculative activity. The government has now made it very clear that fighting inflation is highest on its agenda, so that should help," hopes the finance ministry official.

Cabinet sources concede that the question of sugar imports was "mismanaged." If the government had acted in late 1993, the situation would not have deteriorated to this extent. Resistance to sugar imports came from the Union food and agricultural ministry and to any subsidisation of increased sales on the public distribution system came from the Union finance ministry. Finally, the Prime Minister had to instruct these ministries to act decisively on the sugar front to bring prices down.

Stabilization of Inflation, Increased Supply Urged

94150313M Madras INDIAN EXPRESS in English
3 Jun 94 p 10

[Article: "Divine Intervention"; quotation marks as published]

[Text] With the annual rate of inflation hovering around 11 percent, the slowdown of 1992-93 to seven percent has become a distant memory. The failure to control the rising price level through 1993-94 shows how facile was the assumption that domestic shortfalls can at a pinch be made good with imports. The country has ample foreign exchange to pay for the required imports. But thanks to the steep devaluation of the rupee, and the tendency of prices in the international markets to rise with India's entry as buyer, the landed cost of imports in rupee terms is not markedly lower than domestic prices. Even so, imports to augment supplies of scarce goods are necessary to dampen price expectations. But the Government botched up its import programme, reflecting the dominance of the vested over the public interest. It is now mum about whether inflation can be capped even at this late stage. It has flashed the preliminary monsoon forecast—last year's one was withheld for reasons of state—of good rains to shore up hopes of a bountiful kharif. Price stabilisation has been put in the lap of the gods.

The recurrence of high inflation, from the third quarter of last year, is rooted in policy shortcomings. The Government has failed to lower what economists call the 'natural' rate of inflation. This is about seven percent (which was the floor of 1992-93, a year of fiscal contraction and recession). This endemic rate stems from the annual pay hikes and dearness compensation in the

organised sector and the corresponding, though marginal, rise in minimum daily payments to the unorganised services sector. The consequent expansion of demand is not matched by a rise in productivity. The mismatch arises because capital is not cheap. Besides, there has been a break in aggregate investment in industry for the past three years and in agriculture for a longer period. This has retarded production. Inflation bounced above the floor with a steep hike in administered prices of key goods: foodgrains, fuel and freight. Prices accelerated as the Government failed to mitigate supply shortfalls insensitive commodities like cotton, edible oil and sugar.

The issue now is stabilisation of inflation. Deflation with tight monetary management will hurt investment precisely when a boost is called for. The immediate objective should be to get inflation to the single-digit rate so that the real rate of interest on one-year bank deposits, now negative, becomes positive for the saver. For this, priority must be given to improving supplies of goods with imports. It is facile to assume that footloose excess money (generated by fiscal profligacy) will remain confined to the financial markets. Unless the Government makes a bold commitment to cap inflation with a credible supply management strategy, price expectations will set money chasing goods.

Private Enterprise Said Bypassed by Reform

941503141 Madras *INDIAN EXPRESS in English*
3 Jun 94 p 10

[Article by R.K. Roy: "A Matter of Interest: the Grand Public Sector Coalition With Foreign Capital"]

[Text] It is a paradox of our liberal times that the country's burgeoning foreign exchange reserves have created a money supply problem of the first magnitude. Economic growth was held down for decades by an endemic foreign exchange shortage. The plenitude of foreign currency, which became marked from last year, has now widened access to state-of-the-art plant and equipment—heavy and light—from the advanced countries. Rising reserves, which prove the manoeuvrability to step up imports for accelerating industrialisation, should thus be cause for jubilation, not concern.

But concern is what informs the Reserve Bank's credit policy for the first half of 1993-94. What worries it is the threat the flood of rupee counterpart funds, released by the rise in foreign exchange reserves from \$6 billion to \$15 billion, poses to inflation, which is already at a two-digit high. Accordingly, it has increased the banks' cash reserve ratio by a full percentage point to the ceiling of 15 percent. With this stipulation, the Reserve Bank has impounded Rs. [Rupees] 3,700 crore of the footloose funds spawned by the growth of foreign exchange reserves.

The point is not that such impounding is small (it is), but rather that the sterilisation (even when adequate in arithmetical terms) of excess money does not address the basic problem of investment deficiency. Aggregate

investment in the economy has fallen below the level that can be supported by domestic savings. This shortfall has depressed the demand for foreign currency. And this, in turn, has contributed to the reserve growth of \$9 billion (in 1993-94) which led to release of Rs. 28,000 crore into the money stream.

Had domestic private investment risen to make good the shortfall in public investment, there would have been a draft on the foreign exchange reserves to cover the requirement of imported plant, equipment and components. There would then have been no money supply problem. Roughly an investment of 100, requires imports of at least 20. Assume an additional private investment (over the actual of 1993-94) of Rs. 45,000 crore; that would absorb close to \$3 billion. The consequent reduction of excess (or unusable) reserves, would thus have resulted in a return of counterpart rupees of the order of 9,000 crore to the Reserve Bank. The rupee withdrawal would have been two-and-a-half times that impounded by the Reserve Bank.

The sterilisation strategy takes as given the failure of investment to rise to the level warranted by the growth of foreign exchange reserves. True, of the \$15 billion on hand, about two fifths has to be held as import cover, a fifth for debt servicing and a tenth to tide over a possible hot money outflow. That leaves \$4.5 billion in support of an investment of Rs. 60,000 crore or so. Since policy frowns on public sector investment with domestic resources, it is private investment of this magnitude that has been foregone by the surplus, unused reserves. This is a new policy facet.

It is true that high inflation is back. But the recurrence is the outcome of a steep hike in administered prices (of foodgrains, freight, et al), inability to manage supply shortfalls (of cotton, sugar and edible oil, for example) and fiscal giveaways to raise the consumption demand of the better-off sections of society. The causative factors of inflation are not monetary in the main. Without doubt, given these, a rise in money supply can add fuel to fire. However, the point is precisely that the continuing unwarranted monetary expansion is rooted in the Reserve Bank's apathy to private domestic investment. Worse, its failure to bring down interest rates, a key determinant of investment, has distorted the use of foreign currency by the private sector.

Domestic users of foreign currency are bypassing the foreign exchange market because it is not worth their while to buy foreign currency with rupee borrowings costing 15 percent plus. They prefer suppliers' credit from abroad at below 4 percent. Euro-convertibles at around 4 percent are resorted to for repaying high interest foreign currency loans from domestic credit agencies. A substantial part of the current demand for foreign currency thus does not enter the domestic exchange market, which persistently reflects lenders over. The Reserve Bank has done nothing about the damaging interest differential. This compels it (in the

interest of protecting exporters) to buy "excess" foreign exchange to prevent the rupee from strengthening vis-a-vis the dollar.

Euroissue inflows have not supported investment in the main; counterpart rupee funds have gone into corporate restructuring. This distortion in the use of foreign exchange has stemmed from the open-door policy to foreign financial investment. Controlling interests in major groups are too busy raising their equity stake to ward off alien predators.

The excess supply of foreign exchange resulting from private investment deficiency has been inflated by Euroissue inflows. This reflects the failure of reform to redeem the promise to cut back interest rates to the internationally comparable level. The economy is awash with money while the Government's demand for funds, keen despite a squeeze on public outlay, sets the floor rate of interest at a high of 12.5 percent. There is thus a curious overlap of fiscal policy and monetary policy in holding down private investment.

Sterilisation has to go to absurd lengths to mop up excess liquidity. Entry into the Euroissue market has been recently streamlined. This means that on the demand side the domestic exchange market will remain sidelined. But it will have to contend with the supply of foreign currency from expatriates and foreign financial institutions. The Reserve Bank will siphon out a few billion dollars in the first instance to bar the rupee from rising, and sterilise counterpart funds running into thousands of crores of rupees to prevent the domestic unit from falling.

The public sector will freely access the Euroissue market. Government enterprises are in a hurry to sell their equity to foreign bidders. Not so the domestic private sector, especially the large number of enterprises in whose equity the controlling groups have only a minority stake. Besides, the freedom to put Euro funds into financial restructuring has been capped by new stipulations on end-use.

The domestic private sector is thus left with little manoeuvrability. Its growth faces a slow-down. But investment in the public sector is slated to expand under co-ownership with foreign private capital. The emerging coalition of the Government and foreign capital will put the domestic private sector on the retreat. The stage has been set to pass on the commanding heights from the public sector to foreign private capital. Like the domestic exchange market, Indian private enterprise is being bypassed by reform.

Supreme Court Ruling Prevents Misuse of Article 356

94150313H Madras THE HINDU in English 1 Jun 94 p 12

[Article by H.R. Khanna: "Dismissal of the BJP (Bharatiya Janata Party) Governments"]

[Text] The making of the Constitution, it is said, calls for the highest statecraft. No less is the task of those who are called upon to interpret it. It can well be said that the enunciation of the principles and guidelines laid down in this judgment constitutes by itself an exercise in statecraft of a high degree. A great judgment by all reckoning must take deep account of the day before yesterday in order that yesterday may not paralyse today and it must also ensure that what it decrees for today may not paralyse tomorrow.

The office of judges of the highest Court demands that they be historians and prophets rolled into one, for law is not only as the past has shaped it in judgments already rendered but as the future ought to shape it in cases yet to come. Not only the provisions of the Constitution but also its interpretations have to carry within themselves the impress of the past tradition, the capacity to meet the demands of the present and enough resilience to respond to the needs of the future. A Constitution is not a document for fastidious dialectics: properly interpreted and rightly implemented it can well be the means of the ordering the life of a people.

By and large the Supreme Court judgment in the cases relating to the imposition of President's Rule under Article 356 satisfies the above criteria. It is, however, the decision of the Court in upholding the validity of the Presidential proclamation in regard to the dismissal of the Governments of Himachal Pradesh, Madhya Pradesh and Rajasthan, that the writer feels raises a question mark. The main reason justifying dismissal is that the Chief Ministers of these three States were members of the Rashtriya Swayamsevak Sangh (RSS) and as such there was an apprehension that they would not implement the ban on the organisation in the wake of the demolition of the Babri Masjid on December 6, 1992.

In this respect it needs to be pointed out that the Chief Ministers or other Ministers of these three States became and continued to be members of the RSS and owed allegiance to it at a time when there was no legal ban on that organisation. There was no material to show that any of these three State Governments by act or omission refused to enforce the ban. Indeed the Chief Minister of Himachal Pradesh, in so many words, told the Governor on December 13, 1992 that he desired to implement the ban imposed upon the RSS and the Vishwa Hindu Parishad. The fact that the Chief Minister of one of these States had criticised the ban would not necessarily show that he would not implement the ban.

The Chief Ministers are political personalities and as such in a democratic polity are not bound to curb their views on issues of public importance and refrain from expressing them. This would be so whether one agrees with those views or not.

The decision in respect of the three States has in a way broadened the field of Presidential proclamation under Article 356 inasmuch as justification for such a proclamation can be based not on some concrete act of the

State Government but upon the mere apprehension that it would not implement the order of the Central Government. The decision in this respect has given a new dimension and a long rope to the Central Government. The dictum as such has extended the ambit and the width of the power to issue Presidential proclamation. It indeed sounds as an anticlimax to the earlier observations of the Court bemoaning the propensity to frequently use the power under Article 356 of dismissing a duly elected Government enjoying the confidence of the majority of the State Legislators.

There is no doubt that the demolition of Babri Masjid which became a disputed structure came as a rude shock to most of the enlightened citizens of the country and cast a grave reflection upon the secular character of our polity. It also had repercussions all over the country and in our neighbourhood and led to a communal flare-up resulting in senseless killings of hundreds of innocent people and wanton acts of incendiaryism and barbarism. If the incapacity of the State Governments to control the situation were to be advanced as justification for their dismissal, in the event it needs to be pointed out that the intensity and the dimension of the communal flare-up was much greater in Maharashtra and Gujarat, compared to the three States in question. The only difference was that in those two States the Governments were those of the party in power at the Centre, while in the other three States the Governments were formed by the BJP [Bharatiya Janata Party]. Yet, it was only these three State Governments on which fell the axe of dismissal. Indeed, so far as the State of Himachal Pradesh is concerned, it had the rare distinction of being one in which not a single incident of communal violence took place subsequent to the demolition.

We will also examine the question whether the extract from the BJP manifesto justifies the inference that the BJP contemplated or expected the actual act of demolition on December 6 and whether it encouraged and instigated others to participate in the demolition. While doing so, care has to be taken to ensure that the BJP is not clubbed together with other parties and that its role should be judged *de hors* the doings of others. Whatever may be one's view regarding the credibility of the BJP's stand that the demolition of mosque was an "unexpected turn" the words "unexpected turn" in the extract from the manifesto taken at face value connote something not expected or contemplated.

The court's decision in respect of the three States in question could have serious repercussions on the survival or coming into power of the BJP in any State. As things are, the party has actually come into power in the 1993 elections in Rajasthan. The judgment as it stands would justify the dismissal of the present BJP Government in Rajasthan. It would also warrant the dismissal of all BJP Governments, if and when they come into power in any State.

It needs to be pointed out that India opted for a secular polity when the Constitution came into force in 1950. Yet ever since the commencement of the Constitution

we have had political parties like the Muslim League, the Akali Dal and the Hindu Maha Sabha. Some of those parties like the Akali Dal have formed State Governments, yet no one has so far thought of dismissing them because of the label of the party or its allegiance or affinity to some religion. All that has been prohibited is the misuse of religion in the electoral process as contemplated by Section 123 of the Representation of the People Act.

No judgment of the Supreme Court, in the opinion of the writer, can or should ignore the ground realities of political life in the country. Life of law, it is said, is not logic, but experience and one may add, taking due cognisance of the political and social realities. Constitutional law cannot operate in a vacuum or in some higher region cut off from the world of existing political and social realities. Supposing in future the electorate in a State or even in the country elects the BJP should it be denied the right to form the Government? Consistently with the judgment, it should be so debarred. Would this not be setting at naught the verdict and the will of the majority of the voters? Would it not be flouting the basic tenet of democracy? Would it not be tantamount to stretching the concept of secularism to the extent of undermining the essential trait of democracy which too is very important and no less a vital feature of the basic structure of the Constitution?

At the same time the writer wishes to emphasise that his reservations about the decision of the Court regarding the dismissal of the BJP Governments in the three States should not in any way detract from his approbation for the general principles and guidelines which have been laid down in the judgment and which would in his opinion, strengthen national solidarity, prevent general misuse of the power to dismiss the State Governments and the arbitrary and whimsical use of the powers of the Governors.

Supreme Court Dismisses Union Carbide Pleas

94AS0321A Bombay THE TIMES OF INDIA
in English 17 May 94 p 1

[Article: "International Price for Shares. SC (Supreme Court) Dismisses Carbide Plea"; names as published; quotation marks as published]

[Text] New Delhi, May 16. The supreme court today dismissed the Union Carbide Corporation [UCC] hospital trust's application seeking its intervention to secure international market price for the company's unattached shares. The shares are going abegging because of pending criminal proceedings against UCC executives in connection with the 1984 gas leak at Bhopal.

The chief justice, Mr M.N. Venkatachaliah and Mr Justice S. Mohan said they did not want to interfere in the matter and dismissed the sole trustee, Sir Walter Percival's application.

The government counsel, Mr Altaf Ahmed, had indicated that in fact the newly created trust intended to seek clarification of the court's February 14 order.

Due to criminal prosecution of some executives of the UCC and its subsidiary, UCIL [Uranium Corporation of India, Limited], at Bhopal for their involvement in the gas leak disaster in which about 5,000 people were killed and thousands injured, the company has lost its face in the international share market.

With the result, it was difficult for the company to secure the market price for Rs [Rupees] 11.3 crores dividend shares due from the UCIL to the UCC. These shares had been attached by the trial court when some UCC senior managers abroad failed to surrender before the court to face trial.

However, three months ago the supreme court freed them to enable the UCC hospital trust to start construction of a 500-bed hospital on a plot of land allotted by the Madhya Pradesh government at Bhopal free of cost. The court had ordered that the hospital must be ready within three years.

Sir Percival said for want of potential foreign bidders for its shares, the UCC's ability to bring relief for the victims had been reduced. He said as soon as money comes to the trust's hands, "some preparatory" work would be started for the hospital.

An application based on apprehensions about poor response to UCC's shares said some local bidders would find an opportunity to grab the equity at a relatively throwaway price.

The director of chemical and petrochemical department, Mr R. Gopalan, told the court in February that the 'hospital services consultancy corporation limited' had updated cost of the 500-bed hospital to Rs 110 crores.

During its confabulations with the trustee, the government had agreed to accept his offer to pay Rs 60 crores to an organisation which will supervise the hospital construction work. This arrangement between the trust and the government was possible only if the apex court agreed to lift attachment of UCC's shares, the court was told.

Aid India Consortium Becomes Development Forum

94AS0314B Madras THE HINDU in English 4 Jun 94 p 13

[Article: "It is To Be India Development Forum"]

[Text] New Delhi, June 3. The Aid India Consortium, in existence since 1958 to extend loans and grants to India, is being transformed. The next meeting of the Consortium, scheduled in Paris for June 30 and July 1, will be called India Development Forum meeting.

India has, thus, become the first country to replace the aid consortium by a development forum, basically because of the dramatic transformation on the balance of

payments account. With foreign exchange reserves currently standing at over \$15.45 billions, India is no longer constrained to seek concessional and emergency assistance which it has been seeking at the last three-four Consortium meetings.

The Finance Secretary, Mr. Montek Singh Ahluwalia, who will lead the Indian delegation to the Forum meeting, told presspersons here today that this transition marked the "beginning of the end of the extreme reliance on external aid to run the economy." The two-day meeting will follow a different format from earlier years, that is, the first day will include the traditional country statements followed by statements by the World Bank, the International Monetary Fund and the Asian Development Bank and other multilateral and bilateral donors whereas the second day deliberations would take the form of a "India investment forum" which would include interaction with investment bankers, fund managers, investor community, senior representatives of business associations, credit rating agencies from all over the world.

Stress on Quality

The World Bank, which conducts the Aid India Consortium, has agreed to the recasting of the meeting, Mr. Ahluwalia said. Additionally, in the country economic memorandum prepared for the meeting, the World Bank has suggested to the traditional donors that instead of focusing on the quantity of aid to India, they should stress on the quality of aid and the areas for which it was meant. In other words, what India would be looking for was soft aid with longer maturity aimed at developmental projects in the social sectors and for infrastructural development.

In fact, India would not be seeking any fast disbursement assistance as in the last three-four years when such emergency assistance was necessary to tide over the balance of payments crisis, Mr. Ahluwalia said. Instead, it would be looking for assistance that is available from the International Development Agency (IDA), that is, low interest assistance with longer repayment periods.

Last year, fast disbursement assistance to the tune of \$2.3 billions was pledged at the Consortium meeting, but soon it was realised that this would not be necessary. In the end, only about \$500-600 millions was sought.

Forex Reserves Up

The Finance Secretary pointed out that India's foreign exchange reserves had increased by \$8.5 billions during 1993-94. Also, there has been a small surplus on the current account. For the current financial year, with industrial activity and imports picking up, the expectation was that there would be a current account deficit of about \$2 billions by the close of the year. "But this is hardly likely to create any balance of payments problems. We expect the type of private capital flows to be the same as in 1993-94 when about \$4.6 billions came in. In this, foreign investment was about \$600 millions and portfolio investments about \$4 billions comprising \$1.5

billions by foreign institutional investors and \$2.5 billions by Indian companies raised through Euro issues or other debt instruments. Moreover, the Indian economy would be in a position to absorb more of foreign direct investment in the coming years," Mr. Ahluwalia said.

Prior to the meeting, the Finance Secretary and the Additional Secretary in charge of external assistance, Mr. N.K. Singh, are to visit Japan, Germany and the U.K. for discussions. While no quantum of bilateral assistance to be sought from the donors has been fixed as of now, the focus of the talks would be on the quality of assistance and the type of projects to be taken up, Mr. Ahluwalia said.

Details of Space Program Development Given

94AS0332A Hyderabad DECCAN CHRONICLE
in English 5 Jun 94 p 24

[Article by Radhakrishna Rao: "Landmark in India's Space Program"]

[Text] Confirming India's longstanding commitment to develop a reliable and full-fledged launch capability for getting its homegrown state of the art earth observation and domestic spacecraft off the ground, the 23.8 metre tall all solid fuel driven Augmented Satellite Launch Vehicles ASLV-D4 placed a 113-Kg scientific satellite SROSS-C2 into a near earth orbit after a flawless blast off on the morning of May 4 from India's eastern rocket range of Sriharikota, 80 Kms north of the port city of Madras.

Built around the basic structure of India's highly successful first generation rocket SLV-3—which made its space debut in July 1980—the five-stage ASLV features many novel technological elements including strap-on boosters, real-time decision making system, the bulbous heat shield and a closed loop guidance system.

According to sources in the Bangalore-based Indian Space Research Organisation (ISRO), the success of ASLV-D4 mission has demonstrated the capability to reuse the vehicle subsystem.

It will also help in further evaluating a number of technological components going into the future generation launch vehicles—the bipropellant Polar Satellite Launch Vehicle (PSLV) capable of orbiting 850-Kg class remote sensing spacecraft into a polar orbit and the liquid hydrogen/liquid oxygen driven Geostationary Satellite Launch Vehicle (GSLV) capable of lofting a 2-tonne commercial communications satellite into geostationary orbit (36,000 Km above the equator).

Dr Krishna Swami Kasturirangan, who took over as ISRO Chairman, recently said, the success of ASLV-D4 launch was a momentous beginning. Moments after the launch, Kasturirangan commented, "The successful launch of the five-stage ASLV-D4 demonstrates the maturity achieved in the development of launch vehicle technology and augurs well for PSLV and GSLV."

Dr Kasturirangan, who is the architect of many of the highly successful Indian satellites, said ISRO should given priority to realising launch capability for India has already achieved excellence in designing and developing world class state of the art communications and remote sensing spacecraft. The fully Indian made IRS-series [Indian remote sensing] of earth observation spacecraft and Indian National Satellite-II [INSAT-II] series of multipurpose domestic spacecraft have won kudos from the global space community for their sound design and excellent performance.

Envisaged as low cost booster for orbiting low-earth scientific and technological satellites weighing up to 150 Kg, ASLV had its first successful flight in May 1992 after two consecutive failures in the second half of the 1980s. The Trivandrum-based Vikram Sarabhai Space Centre (VSSC)—the focus of ISRO's launch vehicles development activities—was also the lead centre for building ASLV.

The SROSS-C [Stretched Rohini Satellite Series] Satellite launched by ASLV-D4 flight carries a gamma ray burst detector equipment developed by the Bangalore-based ISRO Satellite Centre (ISAC) for detecting celestial gamma ray bursts and the retarding potential analyser developed by the Ahmedabad-based Physical Research Lab (PRL) to investigate various atmospheric and ionospheric parameters.

Significantly, the last launch from the Indian soil was that of PSLV in September 1993 which was not fully successful in placing into orbit the 846-Kg IRS-1E earth observation satellite.

According to Prof U. R. Rao, the erstwhile Chairman of ISRO, the 44-metre tall, 280-tonne heavy PSLV suffered only a minor snag. And a report, submitted by the Failure Analysis Committee (FAC) constituted by ISRO, points out to a software error in the pitch control loop of the onboard control and guidance processor for the uncontrolled disturbances leading to the failure of the vehicle after it attained the height of 250 Km.

According to FAC, "The disturbances were caused by the programmed nulling of the second-stage, 3.7 seconds before the ignition of the third stage—leaving the disturbances during the above period of second stage tail off uncorrected—and the failure of two small retrorockets leading to a contact between the second and third stages during the separation of the second stage."

The FAC, however, did not fail to confirm that despite these disturbances the PSLV rocket design was "so rugged that it would have reached the designated orbit but for the software error. Racing against time and heavy odds, ISRO is now making all out efforts to prepare the PSLV for its next flight before the close of 1994. Modifications suggested by FAC would be incorporated into the vehicle. [quotation marks as published]

For India's stakes in the forthcoming launch of PSLV are quite high in that the country is planning to build up a US\$ 100 million market over the next five years through

the export of products and services in space related areas. The gigantic PSLV, incorporating alternate solid and liquid fuel stages besides sustaining India's remote sensing spacecraft programme, could also serve as a low cost launcher for countries capable of building earth observation spacecraft but lack of wherewithal for getting them off the ground.

PSLV can also act as a workhorse for orbiting low earth orbit communication satellite. As Prof Rao says, "Once PSLV is successfully launched twice or thrice, it will be offered to other nations for launching their satellite."

The fourth stage PSLV with six strap-on boosters at the first stage features innovations in the form of closed loop guidance system, strap down navigation and flex nozles. The core stage of PSLV stuffed with 125 tonnes of solid fuel is considered the third biggest booster rocket in the world after those of the U.S. space shuttle and Titan.

The liquid fuel driven second stage of PSLV uses the Vikas engine developed in India with the help of Viking engine technology provided by the French outfit SEP [expansion not given]. The high profile Vikas engine carries 37 tonnes of Unsymmetrical Dimethyl Hydrazine.

The success of PSLV during its forthcoming flight will accelerate the realisation of GSLV. In keeping with the philosophy of the Indian space programme based on the progressive upgradation of boosting power of the launchers, GSLV is configured by replacing the upper two stages of PSLV by a single cryogenic stage and replacing the six strap-on boosters of the first PSLV with four liquid strap-ons derived from the second stage Vikas engine. GSLV will free India's dependence on the western rocket power for launching its domestic spacecraft in INSAT-2 series.

Moreover GSLV will usher India into the global launcher market in a remarkable way. According to the latest annual report of the Indian Space Department, action is in full swing for the hardware fabrication and infrastructural facilities for GSLV. ISRO sources point out the possibility of GSLV taking off in 1997-98.

India has left none in doubt that it intends to enter the commercial space market. And in 1992, Antrix Corp. Ltd. was set up with a view to promote export market for Indian space hardware, services and consultancy.

Discussions have been held with several international space agencies to promote Antrix as a potential source for many of their requirements. Antrix also hopes to take up subcontracts for many of the established satellite builders. "We would like to build eventually the whole satellite," says Prof U. R. Rao, Chairman, Antrix Corp. Ltd. Antrix has supplied to Brazil spacecraft series. Study contracts for the definition of space segment systems and assessment of associated technologies for low earth orbit (LEO) constellations and for the design, implementation and evaluation of small omnidirectional antenna for the handled telephone project of

the London-based organisation INMARSAT [International Maritime Satellite organization] were bagged by Antrix against stiff international competition.

The conclusion of a commercial agreement between the Indian Space Department and EOSAT Corp. [Earth Observation Satellite] of the United States under which EOSAT Corp. will receive and distribute data from the Indian earth observation satellite IRS on a worldwide basis. Currently, EOSAT Corp. distributes data from Landsat and NOAA [expansion not given] series of satellites to customers all over the globe.

The failure of Landsat-6 during its launch in October last nudged EOSAT to turn to IRS data to fill the gap created by the premature demise of Landsat-6. According to Prof Rao, EOSAT provides a great opportunity for India to share its knowledge and experience in using space technology with other countries.

And EOSAT President Dr Arturo Silvestrini is of the view that "IRS data are one of the best sources of remote sensing information. We look forward to working with India to expand the availability of IRS digital products and to increase the number of ground stations that will receive IRS data."

Recognising that the second generation IRS-1C satellite is better than the present generation Landsat satellite and as good as the next generation French spot earth observation spacecraft which are expected to be launched much later than IRS-1C slated for early 1995 launch, EOSAT has agreed to receive much later than IRS-1C data also on a commercial basis.

Navy Alerted to Increased Demands, Urged To Improve

94AS0313G Madras THE HINDU in English 1 Jun 94 p 12

[Text] The ceremonial commissioning of INS [Indian Navy Ship] Shankul, the submarine built indigenously by Mazagaon Docks Ltd. [MDL], by the Prime Minister, Mr. P.V. Narasimha Rao, and his subsequent remarks at the annual Naval Commanders' Conference, should focus attention on matters of vital interest to India. This is the second submarine built indigenously by MDL, the first one being INS Shalki which was commissioned two years ago in collaboration with HDW [Howaldswerke Deutsche Werft] of Germany. The commissioning of the second submarine within a little over two years could not have been possible but for the mastery which the MDL has achieved in a high technology area. The confidence which it has developed truly reflects the sense of dedication and commitment to achieving self-reliance in a crucial area. This entitles MDL to the unstinted support it needs from the Government by way of sanctions for its programme to the building of new frigates and submarines sought for by its Chairman and Managing Director, Rear Admiral D.V. Taneja. The Defence Research and Development Organisation which had all along placed the accent squarely on self-reliance should also continue to get unstinted backing from the Government for the

gains which it has made possible. This is well borne out by the Prime Minister's remark that in spite of the resource constraints it has had to live with, India had achieved "much more with far less than most countries in our situation."

India's extensive coastline poses a formidable challenge to its Navy and the threat to its security remains menacing because of the attitude of belligerence which Pakistan has been keeping up. The demands for unceasing vigil on the country's waterfront have become staggering because of the sustained effort Pakistan has been making to notch up its strike capabilities by acquiring submarines equipped with Harpoon missiles from the United States. The Pakistan Navy has also probably acquired more Agnosta class missile firing submarines from France and it was reported to be exploring the prospects for acquiring more naval ships from Russia. The vulnerability of the structures built for offshore oil exploration and production from the Bombay High by the Oil and Natural Gas Commission adds to the country's marine vulnerability. Its submarine programme is meant to take care of this and the Indian Navy will have to remain in a state of uncompromising alertness. The wide-ranging capabilities it has acquired should leave it in a high state of preparedness which is also underlined by the threats the country faces from elsewhere in the southern coast. The Prime Minister has also drawn attention to the perils the country faces from smuggling of explosives and sea-borne terrorism. The good record which the Indian Navy has in meeting these threats should be sustained and improved.

The submarine arm of the Indian Navy is also very likely to meet other demands hinging upon the protection of the country's exclusive economic zone [EEZ] extending up to 200 miles off the coast. The fishery resources of the country estimated at 7.5 million tonnes in depths of 40 fathoms within the EEZ need protection and this will clearly be the responsibility of the Indian Navy. The promises held out by the sea-bed minerals in the 2.2 sq. km of ocean space in the EEZ and the intensified exploration which this requires will call for determined and substantial support from the Navy. The country's marine economic interests which have just been outlined and which the Indian Navy will have to serve and protect imply that it will have to seek inputs from other disciplines and substantially redesign its training courses to ensure that it could live up to the new demands. It should find this an exciting task.

IRAN

Third of Country's Wealth Spent on Construction

94LA0207E Tehran SALAM in Persian 27 Jun 94 p 2

[Text] News Service—More than 35 percent of the nation's national capital is being used in the construction sector and likewise 8 percent of the GDP belongs to this sector.

Our correspondent reports that Engineer 'Abbas Ahmad Akhundi, minister of housing and urban construction,

announced this yesterday (Sunday) at the opening ceremonies for the first term of training in advanced concrete technology at the Housing and Construction Research Center.

He said: Unfortunately, in terms of monitoring and national regulations, the nation is faced with shortages and defects. For this reason every year 180,000 housing units are destroyed, of which 90,000 are in the cities.

He added: The development of the engineering system and the establishment of a system for construction work has been set as a general policy of the Ministry of Housing and Urban Construction so we can make it possible to employ production units and make them active by using resources for construction and housing.

In conclusion he cited the information delivery system industry and the development, distribution and publication of knowledge obtained in this sector of industry as one of the obstacles to increasing society's awareness in this area, and he emphasized the need to alleviate this shortcoming.

It is worth mentioning that currently 28,000 engineers are active in the various sectors in construction, architecture, installations, urban construction and other areas, and 100 of them will become familiar with new concrete technology in this training period from 5-8 Tir [26-29 June].

Agreement Signed for Construction of Karun-3

94LA0207A Tehran SALAM in Persian 26 Jun 94 p 1

[Text] News Service—The contract to build the nation's largest concrete dam and one of the world's most important dams was signed yesterday in the presence of the minister of energy and officials from the Water and Power Company and the Sabir Company, which is the most important dam-building company in Iran and is affiliated with the Ministry of Energy.

The Central News Unit reports that with the signing of this contract, which was done yesterday at the office of the president of the republic, construction will begin on the Karun-3 Dam, one of the nation's most important electrical power and water projects.

This dam and its power plants will be built at a cost of more than 800 billion rials on the great Karun River for the purpose of using this river's endless power. It will have a 60-km-long reservoir with 2,750 million cubic meters of water. It will be located 28 km to the east of the municipality of Izeh in the province of Khuzestan and will be built by domestic specialists.

This huge dam will be 205 meters high and 28.5 meters wide. When completed this dam will produce 2,000 megawatts [MW] of electrical power with an average energy output of 4.1 billion kilowatt hours.

After a meeting with the minister of energy and this great project's executive officials and engineers, Mr. Hashemi expressed his satisfaction with the serious efforts being

made by the domestic managers of the nation's dam-building industry. He emphasized the importance of using hydroelectric power because it is reliable and cheap compared to other energy production sources. He said: The capacity to produce hydroelectric power in the country is a valuable capital resource which has made it possible to produce 20,000 MW of hydroelectric power in Iran.

He cited the creation of the self-respect and courage among the nation's domestic specialist manpower to build great technical and industrial projects, bring about great savings on foreign exchange, increase the nation's dam-construction capability, and bring about active and successful involvement by domestic contracting companies in international competitive bidding as being among the things Iran has to be proud of in recent years. He emphasized the need for persistence and greater determination on the part of domestic technical and specialist manpower in carrying out the nation's construction and industrial projects.

Thousands of Housing Units Needed in Khorasan

94LA0205B Stockholm NAMEH-YE MARDOM
in Persian 15 Feb 94 p 6

[All ellipses, quotation marks as published]

[Text] The figures published here and there in the press of the country about the living conditions of the people under the shadow of the government that "protects the oppressed" are sometimes so shocking and tragic that, despite the fact that nothing is new, one can still not pass them by with indifference. A significant example of such statistics are the figures discussed by the officials of the country concerning the tragic situation regarding housing in the province of Khorasan.

KAR VA KARGAR newspaper, in its issue of 29 Dey [19 January] of this year, quoting the "executive director of the National Organization of Land and Housing of the Northeast Region of the Country" without even mentioning his name writes: "...Khorasan at the present time faces a shortage of 90,000 housing units, of which 50,000 concern Mashhad," and continues, "These problems exist while it is projected that the population of the city of Mashhad alone will reach 5.8 million in 1395 [21 March 1996-20 March 1997]."

Although these figures are shocking in and of themselves, the tragic dimensions of the issue become clear when we also pay attention to other statements of the "executive director of the National Organization of Land and Housing." According to him, "In the First Five-Year Plan, 22,000 housing units...were built in Khorasan, of which 92 percent were carried out by the private sector and the rest by government organizations."

Based on these figures and considering the snail's pace of housing production, in which the government of the Islamic Republic has not had the slightest role, the hard-working people of Khorasan will have to wait

another 20 years just to make up for the existing shortages, that is, provided they are able to prevent a population increase in their province.

More interesting is the statement of the "executive director," who in order to cover up the lack of work by the government claims: "Based on existing plans, in the Second Five-Year Plan, 80,000 housing units will be built in Khorasan, of which 34,000 will be in the city of Mashhad." His honor must be asked: How can a government whose share in the production of 22,000 housing units in the past five years has turned out to be less than 2,000 units say it "plans" to build "80,000" new units in the next five years?

The emptiness of such a claim concerning the improvement of the housing situation of the people of Khorasan in the course of the Second Five-Year Plan becomes clear when we note some of the figures presented by other housing officials of this province. According to Engineer Mohammad Reza Heydari, an official of the Housing Foundation of the Islamic Revolution of Khorasan: "About 30,000 housing units last year and early this year were destroyed due to rain, the reconstruction of which will require heavy expenditures." And this is while, according to him: "Due to low profit in the housing sector and the long term for the return of their capital, banks are not willing to lend money and invest in this sector."

Hence, a simple calculation makes it clear that while in the past five years every year about 30,000 housing units have been destroyed for various reasons, including natural disasters, in Khorasan, with the efforts of the government "that supports the oppressed" and the "self-sacrificers" and the private sector that supports it, every year an average of only about 4,100 housing units have been built in this province. In other words, the people of Khorasan have lost about 25,000 housing units every year over the previous year.

The leaders of the regime have always claimed that life's hardships in the Islamic Republic come to "test" the people. It seems that the "testing" of the people of Khorasan is not only unending, but apparently, with the help of the officials of the regime, it is supposed to become more difficult from year to year.

Fifty-Two Tons of Narcotics Seized in 6 Months

94LA0207D Tehran SALAM in Persian 26 Jun 94 p 3

[Text] News Service—In the last six months the Islamic Republic of Iran has seized 51.979 metric tons of various kinds of narcotics from smugglers.

Yesterday on the occasion of 5 Tir [26 June], International Antinarcotics Day, Brigadier General Reza Seyfollahi, commander in chief of the police forces, announced the above at a domestic and international press conference. He said: In the aforementioned period, 128 foreign smugglers and 9,351 Iranian smugglers were arrested. A total of 390 weapons of various kinds was taken from 51 of them, and 360 vehicles of various kinds were seized.

He said: During this period 58 leaders of narcotics gangs were caught. More than 15,500 addicts were rounded up and sent to rehabilitation centers.

Seyfollahi discussed the fact that there are about 500,000 addicts in Iran. He said: Persons who have been arrested more than two or three times for the crime addiction to narcotics are sent to Farur Island.

He discussed the international police meetings on the antinarcotics campaign to be held starting next week in Tehran. He said: These meetings will be held from 13 to 15 Tir [4-6 July] this current month at the Independence Hotel.

At these meetings issues such as the extradition of criminals and police antinarcotics training will be presented and studied and the latest information on fighting narcotics will be exchanged.

He added: About 100 prominent police force members from 43 countries and 11 international organizations will attend the aforementioned meetings.

He said: One of our most successful programs for fighting narcotics is prevention by legal means of the cultivation of these kinds of crops, and we recommend that countries that are in some way caught up in this problem to take similar measures in this regard.

He said: We declare our full preparedness to exchange information on fighting narcotics, and we do not hesitate to allocate any kind of resources inside the country to fight these substances.

Continuing, Brig. Gen. Seyfollahi added: Some of the narcotics seized by the police that can be used for the nation's pharmaceutical consumption have been turned over to the Ministry of Health Care, Treatment and Medical Education, and the rest of the substances have been burned and destroyed during special proceedings.

Auctioning Land To Pay for 'Despotic' Policies

94LA0205C Stockholm NAMEH-YE MARDOM
in Persian 24 May 94 p 6

[Text] The Majles of the regime in Esfand last year [20 February-20 March 1994] concluded the examination of the notes of the 1373 [21 March 1994-20 March 1995] national budget bill. The 1373 budget bill includes 58 notes, of which Note 54 concerns the sale of lands, pastures, and forests stated in the bill amending the 1359 [21 March 1980-20 March 1981] land reform law in order to generate revenues for the government, and Note 55 concerns how these revenues are to be used by the government. The existence of these two notes above indicate the reactionary nature of the Second Five-Year Plan of the regime and its effort to auction the remainder of the gains of the revolution of Bahman 1357 [21 January-19 February 1979].

Note 54 of the Budget Bill

In order to understand the reactionary nature of this note, it is necessary to take a look at the summary of its text. Note 54 has been ratified by the Majles in the following form:

"A. The Ministry of Construction Jihad is granted permission:

"1. To sell those lands stated in Article 31 of the amending law of the legislative bill on the transfer and revitalization of lands in the Islamic Republic of Iran ratified on 31/02/1359 [21 May 1980] by the Revolution Council...after use at the regional price and deposit the obtained revenues in the general revenue account, line...

"2. To sell the lands stated in Article 32 of the law amending the legislative bill on the transfer and revitalization of lands in the Islamic Republic of Iran, ratified on 31/02/1359 by the Revolution Council in the oppressed rural regions at the regional price and in cities other than capitals of provinces...at the professionally appraised price and in other cities and capitals of provinces at the day's price and to deposit the obtained revenues in the general revenue account, line...

"3. To deposit the revenues obtained from the implementation of the amending law to Article 34 of the law of protection and use of forests and pastures of the country in the general revenue account, line...

"4. ...

"B. The Ministry of Agriculture is granted permission:

"1. To sell the lands stated in the legislative bill on the procedures to transfer and revitalize lands and the related implemental bylaws ratified in 1359 by the Revolution Council, which have been or will be transferred to joint cooperatives on the basis of 25 percent of the day's evaluation price in maximum five-year installments and deposit the obtained revenues in the general revenue account, line...

"2. ..."

The reactionary nature of this note is so apparent that it needs no further explanation. It is quite clear that the leaders of the regime by adding this note to the 1373 budget bill are trying to pound the last nail into the coffin of the land reform ratified by the Revolution Council and transfer the lands that belong to rural cooperatives, residential townships, and even the forests and pastures of the country to the private sector. One cannot expect anything else from a regime that today has engaged in even privatizing the expressways of the country.

Note 55 of the Budget Bill

It would be a mere mistake to imagine that this anti-people policy of privatizing the transferred lands to the workers follows the objective of helping the economic growth of the country, even the optimistic framework of helping domestic capitalist growth. A look at Note 55 of the 1373 budget bill, which concerns how the obtained revenues from this reactionary policy are to be used,

shows that the policy of privatizing the economic resources that belong to all the people of the country has been placed only at the service of the more reactionary goal of providing for the expenditures of the suppressive policies of the regime. Let us take a look at a summary of the text of Note 55 of the 1373 budget law.

"Note 55. In order to fight cultural invasion, eliminate poverty, and move the country towards self-sufficiency, the Committee on the Allocation of Funds is responsible at the time of the allocation of funds to add 1 percent of the total general revenues of 1373 of the country, except for amounts that have been determined up to this note and the funds of sections on public education, higher education and research, health and treatment, nutrition and defense, to the following lines:

"1. Of the above-mentioned amount, 60 percent is allocated to Line 114,000 of the Ministry of Islamic Guidance for the implementation of overall projects to...specifically be spent on fighting cultural invasion.

"2. Of the above-mentioned amount, 13 percent is to be allocated for expediting the implementation of the projects of the sections of agriculture, natural resources, and rural development (read: projects related to privatization)...to be added to the line of the Ministries of Agriculture and Construction Jihad.

"3. Of the above-mentioned amount, 14 percent is to be added for the implementation of developmental projects to the developmental funds of the oppressed regions...

"4. Of the above-mentioned amount, 3 percent is for the development of applied research to be added to the funds related to the Ministries of Culture and Higher Education and Health, Treatment and Medical Education.

"5. Of the above-mentioned funds, 10 percent is to be added for the creation of job opportunities to line 112502 for support for job opportunities.

"6. ..."

It is necessary to mention a few points about this profoundly antipeople note. First, these expenditures are funded from the deduction of 1 percent from the "total 1373 general revenues of the whole county" and not merely from the revenues obtained from the auction of the lands and pastures of the country.

Second, based on this note, 60 percent of the total amount will be spent on the "overall projects" to advance the suppressing policy of "fighting cultural invasion," and on the other hand only 14 percent will be allocated to developmental projects, 3 percent to the development of scientific research, and 10 percent on the "creation of job opportunities."

Third, a look at the net amount of the allocated figures better clarifies the dimensions of this tragic policy. KAR VA KARGAR newspaper in its 19 Esfand 1372 [10 March 1994] edition has announced the net amount of the allocated figure to the "creation of job opportunities" in the 1373 budget to be "50 billion rials [R]." Hence, it can be said that based on Note 55, in 1373 alone, R300 billion of the "total 1373 general revenues of the country" will be used for the implementation of "overall projects for fighting cultural invasion," and this is while the regime is even unable to pay its short-term international loan installments and every day stretches its hand longer towards Western capitalists and the international institutions that implement their policies, such as the IMF and the World Bank.

It is a painful joke, but it must be accepted that at no time has the old saying: "take it from the lion and give it to the leopard" been actually true for the people of Iran as it is today.

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